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THE RELATION OF LABOR

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LAW OF TO-DAY

BY

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OF LEIPSIK

TRANSLATED FROM THE GERMAN BY

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AUTHOR OF "A TARIFF PRIMER"

TOGETHER WITH AN INTRODUCTION BY THE
TRANSLATOR

G. P. PUTNAM'S SONS

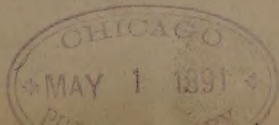
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TRANSLATOR'S INTRODUCTION.

THE fact that we must go to Germany for the best account of English trades unions, which is contained in Dr. Brentano's "Labor Guilds of the Present," of which this work, as to quantity of matter, is an abridgment, as to extent of ground covered, an enlargement, may at first thought cause surprise.

This fact is not owing wholly or mainly to the German habit of research. It has a deeper cause. The classical political economy of England, prevalent also in this country, has been built up almost exclusively on the side of capital and the capitalist, and is full of theories and assumptions. Writers who have worked upon the structure have been mainly bankers, capitalists, or doctrinaire professors. This accounts for its capitalistic and theoretical character. In this country we have produced as yet few or no original investigators in the economic field. "With few exceptions the works produced in the United States have been prepared as text-books by authors engaged in college instruction, and therefore chiefly interested in bringing principles previously worked out by English authors within the easy comprehension of undergraduate students." This accounts for the capitalistic and theoretical character of the political economy prevalent in this country, and it is owing to a *theory*, an *exploded theory*, the *wages-fund theory*, that the relations of labor have not been scientifically discussed by our

economists, and that the treatment of the labor question has been left mainly to unscientific, more or less socialistic, even revolutionary, writers. The wages-fund theory was taught by John Stuart Mill in the first editions of his "Political Economy." Mr. Thornton, in his work "On Labor: its Wrongful Claims and Rightful Dues," has exploded this theory. J. S. Mill acknowledged the correctness of Thornton's disproof and omitted the theory from the subsequent editions of his work. Professor Cairnes, in his "Principles of Political Economy," has restored this theory, and it is now taught in the American colleges with Professor Cairnes' "Principles" as a text-book. This at least is the case at Yale, where special emphasis is laid upon this exploded theory. According to the wages-fund theory, there is no labor question; there can be none any more than there can be a dry-goods question, a groceries question, or a special economic question as to any other commodity offered in the market for sale. And why discuss a question that does not, that can not, exist? There is, accordingly, no theoretical labor question in this country, but only a burning practical one, all the more burning because it finds no solution in theory.

But what is this theory of the wages fund? It is very simple and easy to be understood. The capitalist has in his pocket at any given time a certain, definite, "determinate" sum of money, neither more nor less, which he proposes to invest in the purchase of labor, and does, as a matter of fact, so invest. The laborers who receive this fund as wages, on the other hand, are not a definite but a variable quantity. And we have here only an example in division in which the dividend—the wages fund—is constant, and the divisor—the number of laborers—is variable; this will give a variable quotient,

the wages of each laborer. The smaller the number of laborers, the higher are wages ; and the larger the number, the lower are wages. When this number of laborers becomes so large—as it always, by another theory, tends to do—that wages are no longer sufficient to support the laborer and his family—that is, to cover the cost of production,—want, disease, starvation, and death ensue until the number of laborers is again reduced a little below the starvation point, and wages again rise. This is the “iron law of wages.” When you ask the professors who teach it if it is not pessimism, their answer is : “It is true ; we will not quibble as to terminology.”

Professor Cairnes, in his “Principles,” after an elaborate discussion of Trades Unionism, under the head of “Discouraging Prospects” (page 281), writes : “This, then—the limitation of his numbers,—is the circumstance on which, in the last resort, any improvement at all of a permanent kind in the laborer’s condition turns. For my own part, I cannot pretend to discern in the circumstances of the time any solid ground for feeling sanguine on this point, at least so long as laborers remain what they are mainly at present—mere laborers, hired *employés* depending for each day on the result of the day’s work. But I desire to go further than this. I think the considerations which have been adduced show that even a very great change in the habits of the laboring classes as bearing upon the increase of population—a change far greater than there seems any solid ground for expecting—would be ineffectual, so long as the laborer remains a mere receiver of wages, to accomplish any great improvement in his state—any improvement at all commensurate with what has taken place and may be expected hereafter to take place, in the lot of those who derive their livelihood from the profits of capital.”

And again, under the same head of "Discouraging Prospects" (page 283), he writes: "We see, then, within what very narrow limits the possibilities of the laborer's lot are confined, so long as he depends for his well-being on the produce of his day's work. Against these barriers trades unions must dash themselves in vain. They are not to be broken through or eluded by any combinations, however universal; for they are the barriers set by Nature herself. I commend the consideration to those patrons of the laboring class who encourage an exclusive reliance on trades unionism, and would advance their interests by confining them to their present *rôle*."

And again, under the head of "Socialistic Schemes" (page 285), he writes: "The conclusion to which I am brought is this, that unequal as is the distribution of wealth already in this country [England], the tendency of industrial progress, on the supposition that the present separation between industrial classes is maintained, is toward an inequality greater still. The rich will be growing richer, and the poor at least relatively poorer. It seems to me, apart altogether from the question of the laborer's interest, that these are not conditions which furnish a solid basis for a progressive social state; but, having regard to that interest, I think the considerations adduced show that the first and indispensable step toward any serious amendment of the laborer's lot is that he should be, in one way or other, lifted out of the groove in which he at present works, and placed in a position compatible with his becoming a sharer in equal proportion with others in the general advantages arising from industrial progress."

Could there be any better argument for the laborer in favor of the overthrow of the social and political order of to-day and the establishment of socialism on their

ruins than that contained in these deductions, if they are true?

Thus a groundless assumption—namely, the impossibility of laborers accomplishing any thing by organization, stands in the way of the scientific study of the labor question in this country. This doctrine is not only taught in the schools. It has entered into the minds of men as something axiomatic and is the prevailing orthodox doctrine. It everywhere appears “in able editorials,” in magazine articles, etc., wherever the subject is touched. In these we are told that strikes against a falling market always fail. True. But this is only half the truth; the other half is: strikes against a rising market, if well organized, always succeed, and they may succeed against a stationary market if the organization is perfect. The lowest rate of wages is that below which the laborer will starve; the highest rate, that above which the employer will be ruined. In the wide interval between these two extremes, the rate is solely a question of organization and might.

We are further told that whenever a strike succeeds, the concession would have been ultimately granted without the strike. This is not true. As a rule, we never get any thing in this world without asking for it.

Organization of labor, trades unions, knights of labor, communism, socialism, anarchism,—these ideas are jumbled together in men's minds without discrimination, and condemned in the lump.

It is for the purpose of clearing away some of this rubbish from the public mind and disseminating correct information on the labor question that this book is given to the American public. It would be well for employers to know what history and political economy have to say upon the subject: If hostile nations knew definitely

beforehand each other's strength, they would seldom go to war.

It is no wonder that in a free country governed by universal suffrage there should come into existence a necessary and wholesome reaction against the notions prevailing among the educated classes upon this subject; that the single tax on the rental value of the rich man's land, that a progressive income tax on the rich man's income, should be popular; and that Edward Bellamy and Henry George should have a large and increasing number of adherents.

In this way the laborer hopes to win by wielding the ballot what he is supposed not to be able to obtain by wielding the spade and pickaxe. This results from teaching false doctrines in our highest seats of learning, and the wages-fund theory and consequent false notions as to the efficacy of the organization of labor are first and last responsible for much of the communistic movement in this country at this time.

The political economy taught in England and in this country has not necessarily any thing to do with given economic facts and relations. It is mainly *a priori* and deductive. Some of its writers hold that any other kind of political economy is impossible. It supposes a case and then draws from it all its possible deductions. It is a hypothetical science and deals largely in *ifs*.

But in the meantime the organization of labor goes steadily forward, and the impossible is realized. And at each recurring strike employers "wonder" at its strength, and no wonder. Here is evident antagonism between theory and practice, between given facts in our economic life and the doctrines taught in the schools.

Recognizing this antagonism, the political economists of Germany have set themselves to work to correct and

to supplement, in this and other particulars, the classical, hypothetical, abstract, political economy.

They have rendered another important service. The socialists—Ferdinand Lassalle, Carl Marx, and others—have built their superstructure upon principles furnished them by the English economists. By a critical examination of these principles the German economists have been able to modify, correct, and supplement them, and have thus undermined the theoretical foundations of socialism.

This has been the task of the historical, realistic school. This school "makes the actual observation of economic phenomena the task of its science." This observation may be personal or through the medium of history. This is the Baconian, inductive method, which had led to such rich results in the physical and natural sciences. Its first question is: What are the facts? It makes very sparing use of theory and generalization till the whole field has been canvassed.

General facts, general principles, are its end, but these are of value only in proportion as they rest upon a wide deduction.

The German economists recognize the existence of the organization of labor as an economic fact, and set themselves to work to study and explain it, like the subject of interest, of rent, the incidence of a tax, the effects of a protective tariff, or any other economic phenomena.

Professor Brentano has had exceptional facilities for the study of English trades unions, having spent several years in the country, with free access to the records and archives of the trades unions. He is master of the English language, and on familiar terms socially with English manufacturers and laborers. The results of this study, some twenty years ago, were embodied in his "Labor Guilds of the Present." This book affords a fine illus-

tration of what is meant by the historical method in political economy.

Professor Brentano occupies one of the highest chairs of political economy in Europe, that filled from 1846 to 1889 by the venerable Dr. William Roscher, the father of the historical school of political economy.

This book contains a powerful discussion, from the points of view of history and political economy, of questions which have stirred, and outside of England are stirring, the nations to almost revolutionary depths. In England a better organization of labor and the resulting necessary labor legislation have led to a peaceable solution of these questions. According to the teachings of this book, what is the solution of the labor problem? The perfect organization of labor, the resulting necessary labor legislation, and a readiness on the part of employers to comply with this ; that is, the legal establishment of arbitration, or, rather, the establishment of legal arbitration.

It may be thought that the discussion of German politics contained in the closing chapter has no application in this country. But the fundamental principles of free government are everywhere essentially the same ; and liberal government is making progress not only in Germany but throughout Europe.

The translator some years since undertook the study of the labor question. But he could obtain no assistance from practical statesmen, college professors, and teachers in this country, and determined to visit Europe for this purpose. There he was so fortunate as to meet Dr. Brentano, who is probably the best authority upon the subject in Europe, and sat at his feet a year and a half as a learner.

Upon taking leave of the Professor, in July last, I received from him the following letter :

"LEIPSIC, July 10, 1890.

"DEAR SIR :—I agree with pleasure to your desire of translating my book, "Das Arbeitsverhältniss gemäss dem Heutigen Recht," Leipsic, 1876, into English. You may make any use of this permission which is necessary for publishing your translation and for giving you the copyright of it in America.

"Truly yours,

"Dr. LUJO BRENTANO.

"To PORTER SHERMAN, Esq."

The translation of this book has been a labor of love. It was undertaken with the conviction that something of the kind would be "timely" in this country. With reference to the translation, every other consideration of style has given place, when necessary, to the clear expression of the meaning of the author. The energy and eloquence of the original had sometimes to be sacrificed to the difference of idiom in the two languages. With diffidence the work is submitted to the judgment of an impartial public, which finally weighs every work in the even scales of justice.

PORTER SHERMAN.

NEW YORK, *September 25, 1890.*

PREFACE.

AFTER the publication of the second volume of the "Labor Guilds of the Present" in 1872, there appeared in the "Correspondence of the Publishers of Germany," a criticism on the part of a laborer who, if the name does not deceive me, was one of the earliest and most zealous adherents of Lassalle. In this, the opinion was expressed that, according to the deductions of this volume, Lassalle's doctrine of the Iron Law of Wages appeared untenable.

Then, about the middle of the year 1874 there appeared the third edition of the "Labor Question," by Frederick Albert Lange. In the former editions of his work, this distinguished author had declared the improvement of the laboring classes, during the continuance of the present social relations, impossible; he saw their general deliverance only in the transformation of capitalistic property into socialistic property, and his view was distinguished from that of the social democrats only in so far as he expected nothing from a violent revolution, or did not believe that the time of this transformation of property was so near as Karl Marx believed it to be. In the third edition, on the contrary, Lange declared (pages 189-191) that the writer of these lines, in his investigations into the labor guilds of the present in England, had proved conclusively that a close organization of laborers, extended over the whole field of possible competition, could raise considerably the real

wages of labor ; but by this means the process of differentiation in the common condition of life of the population would be brought to a stand-still, and even a natural reformation in the sense of greater equality be made possible. In consequence of this, the extreme views of Marx, who expected the cure only from a far-reaching, social revolution, could not be maintained.

Of all the comments upon my work, these two have given me the most pleasure. The quoted remarks showed me that I had reached the end of my work ; that I had succeeded in demonstrating the possibility of a solution of the labor question under the social and political order of to-day. At the same time, these acknowledgments contradicted splendidly the complaints of passionate opponents out of the capitalistic camp, that my work had merely the significance of serving as a flank covering for the socialists.

But not in every particular, did the third edition of the "Labor Question" of Lange satisfy me. According to my judgment, it was Lange's business to revise his book so as to make its doctrines harmonious with the knowledge obtained through my labors. Instead of this, there are still found in the third edition the former discussions as to the necessity of the transformation of the principles of the social and political order of to-day ; and without connection and without sequence, his acknowledgment stands in the midst of discussions which it contradicts.

In such a state of the case, a new statement of the labor question, which should leave out all learned phraseology and all details of discussion which occur in the "Labor Guilds of the Present," and should make the results of this work accessible to a larger circle of readers, seemed to me something desirable. And when I, at the beginning of this year, received from the excel-

lent publishers of the "Labor Guilds of the Present" the unexpected request to prepare a new edition of the same, I replied that, for a new edition which, in the same measure as the first, should go into all the details of development of the English labor question since 1872, there would be very little interest in Germany ; that, on the contrary, for a popular-scientific treatment of the labor question from the stand-point of the labor guilds, there would be, perhaps, a greater interest.

This is the cause, not only of the existence of this little book, but also of the manner of its composition. With reference to its subject-matter, it is necessarily more comprehensive than the "Labor Guilds of the Present" ; with reference to its details, it necessarily goes less into particulars. Many deductions in this are wanting in the larger work ; much in that treated in detail is not here touched at all. Moreover, proofs contained in the larger work are not here printed again ; instead of this, for most of the proofs the reader is referred to the "Labor Guilds of the Present."

L. BRENTANO.

BRESLAU, *Middle of September*, 1876.

INTRODUCTION.

THREE principles have, in the course of the ages, in turn sought to govern the economic life of the nations, and in particular during the last hundred years have struggled with each other for the mastery.

The Principle of Authority.—In the eighteenth century the principle of authority was still determining in the political economy of the nations. By law and by tradition it was determined by whom production should be carried on, what should be produced, and where, and how. Moreover, the relations of individual producers to each other, and those between producers and consumers, were subject to regulation in detail. And however strange this may appear to us to-day, this rule of authority was in no way, at all times, destructive of the best interests of the people. Conducted by extraordinary men, it has served mightily to further the progress of the people. It has not only contributed to the blossoming forth of their industry. It belongs to its real effects, that it took care that all classes of the people should take part in this prosperity, that it protected the weak in the struggle for existence.

A successful government of the economic life by authority had nevertheless two necessary conditions: it required, on the one hand, men like Colbert, who, superior to their fellow-countrymen in the knowledge of the industries pursued by them, were really able to give

rules for the details of their industry ; on the other hand, it supposed youthful undeveloped conditions of the people ; but even under these conditions the conduct of industry from above could only be transitory.

The more effective the meddling of authority, the more were the powers of individuals developed, and the more developed were the powers of individuals, the more they demanded emancipation from all bonds. Power attains its fullest development only in freedom ! But still more must the need for freedom from restraining rules be felt where the authority is in bad hands, where its technical and economic rules are antiquated, where the limits which under other circumstances were drawn for the protection of the weak now only protect incapable and indolent privileged classes in drawing profit from the weak, and further protect them from the competition of the capable ; while at the same time new life stirs the people, and in all departments the cry for freedom against intolerance, arbitrary power, and misrule is heard. This was, on the whole, the condition of the European nations at the end of the eighteenth century, especially in France. And from this originated that economic theory which demanded the removal of every traditional restriction upon the economic life, and the absence of all meddling of authority in the same.

Individualism.—The individual should be left to himself. He knows his own interest better than the enlightened government. He is to be his own lord and master. Then will the interest of each individual, and with this that of the whole community, be best preserved. Wherefore, away with regulations, magistrates, limits ; away with all protection ! *laissez faire, laissez passer !*

It is conceivable that all who were distinguished by wealth or extraordinary natural abilities should approve

a system which undermined an authority burdensome to them, promised free scope to the powers of individuals, made each one unlimited master of himself and what he possessed, while it absolved him from all social duties, which removed all checks from the strong without consideration whether with this the support hitherto guaranteed to the weak was also taken away. But the new system met not only the approbation of the strong. How completely it corresponded with the circumstances of the times is shown from the fact that the masses distinguished neither by property nor by talents rejoiced at it. The twelfth of March, 1776, on which Turgot abolished the old guilds, was a holiday for the laboring population of Paris. Drunk with joy, the laborers marched through the streets and celebrated with festivities the dawn of their deliverance. It is an honor to the system that, at the time when it arose, it had no opponent but privilege.

A violent reaction against the principle of authority was a necessity of the times. The physiocrats and Adam Smith made the opposite principle, individualism, the centre of their system, whilst they acknowledged this necessity. This is their lasting merit. But, since their system is only a deduction from definite historical relations, it is not the last word in political economy, it is not THE science, as is maintained.

Socialism.—To the extent that the principle of individualism obtained authority, the laborers found themselves deceived in the hope which they had placed in their emancipation. The most capable among them, indeed, after the removal of the old order, obtained wealth and power. Those, on the contrary, who remained laborers, the masses, endowed with average capabilities soon found that the old condition had been for them,

after all, more of a protection than a hindrance. Deprived of this protection, in the struggle for existence, they saw themselves abandoned more and more to the arbitrary will of the economically strong, sank continually deeper, until, in theory and practice, for their benefit a principle rose that in another direction from the principle of authority forms a contrast to individualism, since, instead of denying the freedom of the individual, like the principle of authority, carried out in all its consequences, it kills individualism : socialism. Since the freedom of the individual without equality has led only to deriving profit from the weak on the part of the strong, since freedom of the individual without fraternity, for the weak is nothing else but freedom to be abandoned, the departure from the individual and his rights has shown itself incapable of realizing the welfare of all ; not the individual should be the point of departure and the end of political economy, but the whole community. Not the egoistic impulses of the individual should be its foundation, but the joy of sacrifice of all for all. Only in the welfare of the whole community can that of the individual be realized, not the reverse. Wherefore, the emphasizing of the social duties instead of individual rights, wherefore, instead of conflict of free individuals for individual purposes, fraternal union of the free for common ends.

The Three Principles in Relation to Each Other.—Each one of these three principles—the principle of authority, individualism, and socialism—claims absolute correctness and exclusive control, for all times, all men, and all relations.

In actual life, however, at no time and under no conditions has any one of these principles governed exclusively ; at no time and under no circumstances was any

one of them ever entirely without effect. No human society could, at any time and under any circumstances, exist without the co-operation of each one of these three principles ; only in the course of time, and under various relations of the people, first one and then another principle has had the preponderance over the others, corresponding to the needs of the times. A clear proof that a doctrine of the economic life of the people, which has only one of these principles as its foundation, must necessarily be false.

As to the future, what would be the result of the exclusive authority of one of the principles named ? Were such a case at all possible, the sway of authority, in the most favorable circumstances, with perhaps greater justice, would bring the death of liberty, and with this an eternal standstill ; individualism, with perhaps higher education of the few, would bring frightful misery of the masses ; socialism, with perhaps sufficient material competency for the masses, would bring the absence of all goods that make life desirable. The material and moral welfare of the whole people, its progress to ever higher civilization, and the ever increasing participation of all in this progress would, therefore, by the exclusive authority of any one of the three principles, be made impossible.

The Task of Science.—Accordingly, that cannot be the task of science, *a priori*, only to refer to one of these three principles as just, the others as incorrect, and to show how economic life ought to be placed under the alleged absolutely correct principle. It is not the task of science to master life, but to learn from it. Its task is only to investigate what principles in life, as a matter of fact, obtain acceptance, under what relations, and from what causes the one or the other

principle in the economic life of the people has obtained preponderance, and to ask whether this investigation may not perhaps afford general propositions as to what relations and what ends the one or the other principle corresponds best. And it is then the task of a policy, which makes the centre of its activity not class interests but truly general interests, to watch over these results of scientific investigation correspondingly, so that the common weal of the people may be realized.

The Task of this Book.—Accordingly there results a threefold work as the task of a book which, from the stand-point of the material, moral, and spiritual interests, not of separate classes, but of the whole community, would contribute to the discussion of the labor question of to-day.

The book has first to busy itself with the consideration of the past. And it has not only to investigate the past with reference to the origin and historical course of the labor question ; it has also to investigate whether former times have not developments to show similar to the labor question of to-day, and to establish the principles which prevailed in the same, and to point out the needs to which these principles correspond.

Accordingly, we shall occupy ourselves first with the predecessors of the labor question and with their development.

Then we have to investigate the labor question of to-day in its causes. This will be the task of that part of this book which occupies itself with the economic principles of the labor question.

Finally, the book is to discuss the end to be reached and, corresponding with the results of our investigations, to establish what is necessary to reach this end. This will be the subject-matter of our consideration in the last chapter.

BOOK I.

PREDECESSORS AND DEVELOPMENT OF THE
LABOR QUESTION.

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THE RELATION OF LABOR TO THE LAW OF TO-DAY.

CHAPTER I.

THE LABOR QUESTION AND HISTORY.

Is the labor question of to-day of very recent origin, and is it an appearance which is peculiar to our present society? The answer to both questions is of great importance. We frequently find both answered in the affirmative. Many hold that the labor question for the first time came into existence with modern economic legislation, and in this case the inference is drawn that but for this legislation it would have been avoided; indeed, that by a change of the laws it would perhaps be removed. Many persons see in it something entirely abnormal, a violent disease, the like of which the European nations, during the Christian era, have never before experienced; a sign not to be misunderstood of the decline of these nations, and, if their view is correct, this decline, under favorable circumstances, may be delayed, but not averted. What else than history can give a better explanation of these problems, so full of significance?

There is nothing which gives more consolation, comfort, even joy and hope, than the investigation of history

with reference to these questions. It frees us from the feeling of responsibility, that must weigh us down if the labor question really has been produced by the legislation of the nineteenth century. It banishes the care for the future which the evils we behold in the industrial world produce. It shows us that, as with all great questions which have agitated the world so also with the labor question, the causes of its existence lie many centuries back, and that its existence is connected very closely with the progress of humanity, with the development of civilization, and with the participation of a continually increasing number of the people in its blessings. And, as often as during the progress to this end, an old order of social conditions has been dissolved before a new form was found fitting the changed relations, history shows evils entirely analogous to those of to-day. The dawn of every new epoch of progress has been accompanied by steps backward. The way has continually led over the worse to the better. The bad relations under which we suffer appear accordingly, not as signs of decrepitude, but of youth; they appear as labor throes which introduce the birth of a new, better era, and the question which gives us solicitude is presented only as a member in a long series of questions, whose ideal goal is the highest perfection of all. The consideration of the predecessors and development of the labor question of to-day will prove this.

The Oldest Order of Society.—Let us represent to ourselves first the oldest social order among the Germanic tribes, and the conditions which accompanied the dissolution of this order.

This oldest social order rested really upon the family. According to the statements of our historians, the family among the ancient German tribes formed a community

of universal importance ; aside from the religious needs, its care satisfied the needs of individuals perfectly. Not only that its members found assistance in it in distress and need, which to-day the family still affords to its members ; not only that it afforded natural allies to those who applied themselves to the only pursuits deemed, at that time, worthy a freeman,—namely, the chase and war : upon the family rested really the protection of rights and of liberty. Out of the family the slain found an avenger, to the robbed it gave the necessary assistance in the pursuit of the thief and for obtaining again the stolen goods ; on the other hand, if one of its members was accused of crime, it furnished the accused compurgators to repel an unjust sentence ; indeed, after sentence found, it became surety for the fine, took part in its payment, and supported the accused, that his life and limb might not be forfeited to his adversary.

Dissolution of the Oldest Order.—This importance of the family for the protection of life, limb, and property long remained, even after its importance in other directions had been replaced or limited by the efficiency of the community. With the further development of the Germanic tribes, the family lost its importance for the defence of private rights. With the increase of the number of relatives and the existence of special interests for the individual members, the family bond was dissolved more and more. Moreover, the number of people without relatives and the number of strangers increased. Thus the guaranty of private rights resting upon the family became antiquated. The state, however, was not yet able to meet the claims for the protection of private rights. The natural consequence of the dissolution of the old order, necessarily occurring with the further development of the social relations, was, therefore, uni-

versal insecurity ; indeed, we may say there came into existence a social question similar to that of to-day ; and between the great lords and the old free citizens with small landed estates who sought to protect their interests, we find the same struggle as to-day between employer and laborer.

Opposition of the Large and Small Landed Proprietors.—With the dissolution of the old order there came into being, for the great majority of the free, the question how to maintain their rights, the freedom of the individual, and the rights of property. For the free of rank and great landed estates, the question presented as little difficulty as in this century, at the dissolution of the old industrial order, for the great manufacturers the question how to remain independent. They were strong enough for their own protection, and found, as is always the case with the strong, their advantage more in a system of mutual hostility than in association and mutual security. The expense of this hostility was, however, really borne by a few, the small free landed proprietors. Their number shrank more and more ; a continually increasing number of them became dependent upon the powerful lords. And especially after the death of Charlemagne, no king in the Frankish kingdom was strong enough to protect public liberty against the power of the great nobles. Thus arose a contradiction between the consciousness of equal rights which inspired the small freeholders, and their actual condition steadily becoming more dependent. Thereupon, they sought their protection, as is always the case with the weak, in close association in unions, and formed protecting fraternities similar to the old families the guilds. And only there could they maintain themselves in freedom where they were made secure by the peculiar nature of their dwelling-places against the pursuit

of their oppressors, and where a common residence in large numbers made possible such a union into guilds.

The Guilds.—The guilds were close, partly even sworn unions between man and man for mutual protection and assistance. The cement which held their members together was the social feeling of fellowship, the regard for each other as men, the honor and virtue of their comrades, and faith in these. The support which the community afforded a member was in proportion to the need of the person requiring assistance, and the contribution of individuals was in proportion to the need of the fraternity. In short, the relations of the members of the guild to each other were inspired by the same spirit which holds the family together; they were its true image for special, definite purposes.

Accordingly, the guilds performed all the extraordinary functions which, as above explained, the family had originally fulfilled among the Germanic tribes. Like the family, they not only supported their comrades in case of sickness or distress, and cared for their burial; they also assisted the guild brother, injured in person or property, in obtaining reparation and satisfaction. If a comrade was slain, the guild appeared to take vengeance and to enforce payment of blood-money, as an ally of his relatives. If he fell into debt, his guild brothers assisted him as compurgators. Even where he himself had committed a crime, the fundamental principle was: "All must bear it if one commits a fault, and all must suffer alike"; and if a guild brother slew one outside of the guild, the guild assisted him in expiation of the death-stroke, by means of blood-money or by rescuing him through flight, if, in consequence of his crime, he did not make peace with his adversaries. In place of the former system of protection of rights by the family, we have that of the guild.

CHAPTER II.

THE GUILDS IN THE CITIES.

THE sworn fraternities for the protection of rights and for the maintenance of liberty among the free citizens had arisen independently of the existence of cities. But in the cities, especially in the old bishops' cities, whole communities of such freemen had maintained themselves, and, like their comrades in the country, they saw liberty, property, and trade exposed to the wantonness of the neighboring great, to the encroachments of the bishop and burgrave, to the hardy attacks of robbers, and to the sudden onsets of often still barbarous neighbors. Added to this, there was frequently a feeling of insecurity within ; and accordingly it was necessary for the small freemen to form a union in a protective guild. For aside from the dangers threatening their liberty and prosperity, these free residents of the city had still special occasion for uniting in special fraternities. These were free landed proprietors, principally of city real estate, if also in part of lands lying near ; but the ownership of real estate in the city is the chief characteristic of those earliest citizens, and with this we see connected everywhere, with the first movements of city life, the full right of citizenship. The repelling of those common dangers made common measures for protection necessary ; indeed, inside of the same city walls, the same of occupation, the community of interests and dwell-

together in close quarters, facilitated the formation of unions. Naturally, therefore, the community of free citizens—that is, the proprietors of city real estate of a certain value—everywhere united in a guild for offence and defence, and by means of these fraternities they succeeded in preserving their freedom and material interests, and in obtaining, by fighting, independence of bishops and princes. “Great is the debt we owe to these oldest defenders of the rights of man against feudal arbitrary power. In the dark times of tyranny of the spiritual and secular great, they made this magnanimous stand. And their union was the cradle from which the liberty of the people arose.”—(Kemble.)

Origin of the Patriciate.—Yet, with the acquisition of independence, the old spirit left the citizens. Indeed, splits had formerly occurred among them. Originally the guild included all free residents of the city. As the cities blossomed forth and their prosperity increased there began to be considerable social differences among the citizens, partly from the fact that some fell behind in their business, partly through the settlement of less wealthy freemen of the neighborhood; and, according to the amount of their property, individuals turned their attention to more respectable trade or to less respectable handiwork. This led to a closing of the old, exclusive guilds against new-comers, and by its side others were formed for the same and similar ends. The oldest guild, however, always maintained a very natural superiority over these and was often called the higher or the highest guild. Gradually there was developed in the guilds, in a very natural way, a certain hereditariness, since the son generally joined the union to which his father belonged; moreover, the sons of guild brothers were the most readily received; indeed, in the sequel,

the conditions of entrance were made easy for them. Thus there was formed a certain circle of families which, from generation to generation, belonged to the highest guild and continued to form the stock of the same. The most ancient guild no longer had the same significance as citizenship; the full citizen guild became the old citizen guild, and according to place and time the development became more or less aristocratic.

Degeneration of the Patriciate.—Yet, as long as the government of the bishops and princes continued, these differences had no political meaning; indeed, as yet they existed only to a very limited extent. For as long as the question was the acquisition of liberty, the rich were modest and benevolent toward the poor; with the acquisition of liberty they became arrogant and hard. With the enjoyment of power the descendants of the old, plain comrades in the protective guilds became proud, avaricious, and tyrannical. And the freer and more independent the higher classes of citizens had become, the less they still needed united help for the defence of the liberties acquired, and for the acquisition of new ones, this degeneracy took place in a still higher degree. With the disappearance of the old order there was introduced into the cities relations entirely analogous to those spoken of formerly between the feudal lords and the small free proprietors. Now the question was between city real property and personal property.

Oppression of the Handiworkers.—After the removal of the government of bishops and princes, power did not fall into the hands of the whole community of city residents, but into the hands of possessors of city real estate of a certain value, into the hands of the old burgher guild—the patriciate. The patricians, mainly descendants of the old merchant families, in part also

successors of noble proprietors of neighboring lands, and of magistrates appointed by the princes to administer the affairs of the city, governed the city. Wealth, acquired by commerce, spent in the purchase of lands, of profitable privileges, and the like, placed them in a position to lead a life of ease. Idleness was now exalted to rank and honor. The handiworkers were, on principle, excluded from the guild ; only a part of the members of the guild still carried on trade. Indeed, the laws even make a distinction between the patricians and the man "without hearth and honor who lives by labor," and the former might box the ears of the latter without being punished for it, if he did not show him proper respect. As is ever the case with the ruling classes, the patricians rolled the chief burden of taxation upon the governed. Frequent increases made these taxes continually more oppressive, whilst the revenues derived therefrom, the property and income of the city, which these taxes yielded, were expended for the private use of the ruling families ; to this was added factious administration of justice or its total denial, but especially abuse of trade and market policy for the oppression of the handiworkers. The handiworkers who had so materially contributed to the acquisition of the independence of the cities, thus saw themselves excluded from its enjoyment after it had been acquired ; indeed, threatened in their liberty and damaged in their material condition, they, who had slain the lion, were obliged to swear allegiance to the wolf. In many places the handiworkers became almost the subjects of the ruling families. If the authority of the patricians had continued longer, this dependence would have become hereditary.

Accordingly the universal deep hatred of the governed for their oppressors seems only too well grounded ; the

only thought which in the thirteenth and fourteenth centuries inspired the handiworkers is only too well explained : the annihilation of the patriciate. In this effort they were supported in great measure by the degeneration of the patriciate itself. The principle of association, of fraternal love and unity of interests, under which they had become free and strong, united them in all their efforts for independence ; and in an inconsiderate struggle, the ruling families fought against each other for precedence in the cities where the patriciate had been most developed.

The more the interests of the powerful became separated, the more closely did the weak unite with each other in their societies.

CHAPTER III.

ORIGIN OF THE LABOR GUILDS.

THE union of the handiworkers by means of which they resisted the usurpations of the patricians, was of a twofold origin, according to the origin of the handiworkers themselves.

Without doubt, at first, the great majority of handiworkers consisted of bondmen. We find these bondmen very early in the great courts of the king, of the bishops, and of the monasteries, separated into companies according to the various kinds of handiwork, and the same classification of bond handiworkers into companies as in the country existed also in the bishops' cities and in the palatinates. Their members stood in trade relations under the command of the lords of the city, and in legal relations they were bound to defend them. But it would be "a great error, against which Eichhorn has given warning, to suppose that originally all handiwork was conducted by un-free or bond people" (Maurer). In former times there were also free citizens who engaged in handiwork. They belonged to the guild of free citizens and enjoyed all the advantages of the society.

With people of this condition a change occurred with the exclusion of the free handiworkers from the citizen guild. Moreover, new freemen, mostly of small means, whose property in the neighboring villages was no longer adequate to their maintenance, continually streamed into

the city and engaged in trade and handicraft. Those former members of the citizen guild, as well as these new, free handiworkers, found themselves now, as against the class of full citizens, in a similar condition as formerly the old free citizens, when they united in guilds against the encroachments of the great lords. The citizens sought to repress the handiworkers into a kind of subject relation, and for this the trade-and-market policy which they had taken upon themselves, after the suppression of the ruling magistrates, afforded them occasion. As the question was formerly for the old free citizens the maintenance of personal liberty and their small free estates in land, so now the question for the handiworker was protection of his independence and movable goods and the gains from his labor. In order to secure protection for these, the independent administration of trade policy—the industrial court—had to be attacked and overthrown. But isolated, the handiworkers were obliged to succumb to their precarious relations, and necessarily, therefore, the oppression under which they suffered led them to the same free organization into guilds as formerly the oppression of the feudal lords had the small free landed proprietors. In connection with this, the regulations of the ancient guilds served as a model for the handiworkers, and these regulations seem changed only in so far as the peculiar need of the handiworkers which called them forth—namely, the protection of the trade of freemen, made a change necessary.

If the labor guilds originated at first among the most conspicuous handiworkers, the free ones, as a means of protection against the deterioration of their condition and encroachments upon their rights and interests, the new organization led also to the improvement of the condition of the bond handiworkers. It called forth in these

an effort to emancipate their organizations more and more, and to transform them into free societies. Accordingly, we see with the deliverance of the bond handiworkers from subjection to the court of a prince, many former court unions transformed into free guilds, and these occur everywhere, in considerable numbers, about the same time in which the last traces of court subjection disappear. And everywhere where the guilds were developed out of the old court unions, with the removal of subjection to the court, under the breath of liberty they were inspired with new life, they were everywhere transformed after the unions of the handiworkers preceding them; from these models they took a very different spirit, and if their societies did not owe their origin, like these, to the sharpest sting of social organization, oppression, their first existence was owing to the acquisition of perfect freedom and political importance, to such an extent were they stimulated to effort by the prospect of being reduced to a new court dependence, through the ruling families, which was presented to them immediately after their emancipation.

Conflicts of the Guilds.—On the one hand, the handiworkers who had been formerly free had always felt themselves as entitled to the same rights as the ruling families, and also the formerly half-free handiworkers had taken part in the conflict for independence of the cities of bishops and princes, and in that way had acquired a consciousness of their own importance. On the other hand, after the expulsion of the bishops and burgraves, they saw themselves excluded from the enjoyment of this independence and shamefully oppressed by the patricians. The more vivid this consciousness, the keener was this contradiction felt, and the more violent became their effort in struggling for participation

in the freedom acquired, and for a share in the government of the city. And thus, from the twelfth century, in all the more important cities of the Germanic world, in some earlier, in others later, the most violent conflict between the handiworkers, bound together in the most fraternal manner, in their guilds, and the hated ruling families burned. Just as in the modern labor movement the best situated workmen have done, so at that time the weavers, a sort of middle class between the patricians and the other handiworkers, fought as champions. With the utmost bitterness the conflict was waged. Thus, for example, in Magdeburg, in 1301, ten aldermen of the handiworker guild were burned alive in the market-place. Thus, at Cologne, on the 21st of November, 1371, after the weavers had lost the "Weavers' Battle" against the ruling families, thirty-three weavers were executed; on the next day the houses, churches, and monasteries were searched, and all who were found murdered. Finally, eighteen hundred of them, with their wives and children, were exiled, and their guild hall, "The Palace," was demolished. These examples might be easily multiplied.

CHAPTER IV.

VICTORY OF THE LABOR GUILDS.

TOWARD the middle and end of the fourteenth century, in various places according to circumstances, earlier or later the guilds won the victory. And if the victors did not remain permanently at the head of the city, yet the equal political rights of the handiworker and the patrician remain in principle. There remained, especially with the handiworkers, everywhere the independent government and jurisdiction in all trade affairs, and the fundamental principle of their policy, the protection of independent industry founded upon small capital and labor, took the place of the principle of the guilds of the rich merchants—freedom of trade and commerce.

The Laborers after the Victory of the Guilds.

—The same change which occurred with the citizens, after they had obtained independence for the cities, took place with the workingmen's guilds after industrial independence had been achieved. As everywhere in human history there followed also, in case of these guilds, upon a long, hard period of glorious growth only a relatively short time of perfect bloom. The summit of the mountain which had been ascended was narrow. Scarcely was the top reached when traces of beginning decline showed themselves. And if there follows upon the period of the youth of the guilds, inspired by pure motives, a long manhood full of glory

and strength, yet we find in it the perversion of measures originally taken with an excellent purpose into the caricature of the original intentions, until, in the distorted picture into which they sunk in their old age, the originally pure and noble features are scarcely any more to be recognized. With the acquisition of perfect independence this gradual degeneration begins, and in the separate guilds earlier or later, according as they acquired this independence. For us here this change is especially interesting, for with it begins the separation of a special laborer class from the other classes, and with this originates the labor question.

Until the guilds obtained independence of the government in their trade affairs, that is, in the main, until the middle of the fourteenth century, there was no special labor class. The journeyman'ship was, in so far as it appeared at all at that time, only a stage of development in the industrial life of the individual, not a life calling. It was the transition stage to independent industry, to the acquisition of the mastership, but it did not occur frequently before the middle of the fourteenth century. This depends upon the character of the handiwork at that time. There were, for the most part, only local trades, and they were preponderatingly if not entirely conducted by residents born in the city, since many guild regulations require this expressly. An influx of members and an over-filling of the trade was accordingly rendered impossible. Moreover, the guilds were at that time not yet close, that is, the masters were not directly limited as to number, nor indirectly through obstacles in obtaining the mastership. The masters of handiwork were, as to their character, still preponderatingly laborers; for, if to the independent conduct of industry a certain capital was necessary, this, from the condition of handi-

work at that time, was but small. Accordingly the apprentices, as a rule, after finishing their apprenticeship, immediately engaged in handiwork as independent masters, and only a few of them, and these only for the time being, worked as journeymen. But since these journeymen later all became masters, there existed as yet no social distinction between them and their masters. They belonged to the guild as members in full right, and deliberated and voted in the guild assembly with their masters upon the conduct of the trade.

There is an exception to this only in the cloth manufacture. This was early conducted on a larger scale; large capital was invested in this sooner than in other manufactures, and we read that in individual places, as in the cities of Holland and Brabant, incredible numbers of weaver journeymen dwelt closely packed together. In cloth manufacture, therefore, there was at first a large number of laborers who, during their whole lives, did not attain to independent industry, a special labor class, and accordingly in it, in the thirteenth century, was a special organization of journeymen necessary. Yet, if also separately organized, the journeymen had no less rights than their masters. We hear that two of the four head-masters of the guild had to be journeymen; that journeymen, as representatives of their class, took part in the oversight of labor, and gave their assent to the ordinances which regulated the trade. The wages of the journeymen were in a definite ratio to those of their masters; indeed, in some places, as at Bruges, they were so regulated as to give to the journeymen a share in the profits of the business. Even where the magistrates, who superintended the business, were entirely of the class of patricians, no measure was taken without the journeymen had previously been heard.

Effect of Independence upon the Guilds.—The harmony of these relations was disturbed as the guilds became more independent and richer, as they became alone authoritative in the regulation of their industries, and as more capital was necessary, and as a matter of fact was employed in the business. It must not be forgotten that the guilds were not unions of laborers without property, like laborers of to-day, who work for wages, but of people who with the help of a certain capital of their own conducted business. Moreover, if the capital necessary to this business was originally only small and the majority of those belonging to the lowest class of city residents were in possession of this capital, so that the possession of capital gave the stamp to the guild in no higher degree than labor, this was changed with the progress of industry and the increase of the wealth of the handiworkers. The more industry blossomed out and the wider market it conquered, the greater was the opportunity for the investment of capital in it, and the more were considerations as to these investments determining in the regulations of the guilds. How far this transformation had already gone in the fourteenth century the guild conflicts everywhere, beginning with this century, show ; for these conflicts were not, indeed, directed to the political equalization of labor and capital, but to the recognition of the equal rights of movable capital and property in land, and accordingly later led nowhere to a participation of the masses in the government, but to the displacement of one oligarchy of landed proprietors by another oligarchy of capitalists.

Beginning Degeneration of the Labor Guilds.—This blossoming out of industries, especially of the cloth manufacture, and the greater investment of capital in it which mutually produced and conditioned each

other, necessarily attracted numbers of court dependents from the courts of princes to the cities. By this, on the one hand, was certainly produced a greater number of laborers, which promoted the progress of manufacture. But, on the other hand, there existed in every new laborer a possible future competitor. The productiveness of capital investments was thereby threatened ; the solicitude as to this awakened the spirit of monopoly in the handiworkers, and since the conduct of industry was now entirely in the hands of the guilds, these established a number of regulations for limiting the competition of the newly aspiring families. In consequence of these regulations it was no longer possible for any one to become master and to conduct trade independently who was not either already in possession of property or the son of a master, or who had not married the daughter or the widow of a master. Industry was transformed more and more into a trust of a number, if often also large number, of families ; and the narrow-hearted, malicious jealousy of capital, and mean rivalries and malignant selfishness began to take the place of the great idea of association and *solidarity* under which the guilds had flourished.

This beginning degeneration of the guilds could not remain without reaction upon the laborers. As just observed, the number of laborers was considerably increased in manufactures, in consequence of the accession of half-free workmen to the cities at the time in which the guilds began to limit competition. This exclusion, however was intended to prevent, and did prevent a large number, and in many industries the majority, of the workmen from becoming independent masters. Accordingly, by this pursuit of class interests on the part of the masters, the way was necessarily prepared for the rise of a class of laborers with special views and interests.

Origin of a Special Labor Class.—The guild regulations give us clear proofs of this change. Whilst their statutes before the fourteenth century frequently do not mention the laborers at all, after this time the regulation of their relations to the masters becomes a necessity. Especially the solicitude everywhere appearing for the settlement of difficulties between master and laborer is striking, as well as the care that the master fulfil his duties toward the laborer, and the laborer toward his master; still more definitely do certain regulations point to existing oppositions of interests, as those of the tailors in Vienna, that no journeyman shall leave his master for fourteen days before a feast, that is, at the time when the demand for labor is most pressing, or as those of the London sword-makers, that no one shall teach his laborers the secrets of the trade as he would teach them to his apprentice.

Controversy between the Employers and Laborers.—But in a very general manner the plague, which in the middle of the fourteenth century visited the European nations, and the resulting depopulation broke through the existing opposition of interests of the employing class and the laboring class. As the clergy sought to make use of the small number of those who, according to the intentions of the faithful, have a right to perform mass and to say prayers, for the purpose of increasing their fees, as the merchant and trades-people sought to make use of the small supply of commodities for the purpose of raising their prices, so the laborers sought to employ the distress into which the universal lack of laborers had plunged the wealthy classes, for the purpose of a general increase of wages. This caused, then, on the part of the legislature, as well as on the part of the guilds everywhere, the regulation to be made that no

laborer should receive more and no employer should give more than was customary before the plague ; and soon, therefore, about the end of the fourteenth century, we find everywhere, as a clear proof of the formation of a separate labor class, that the journeymen, on their part, established separate journeymen fraternities, the later so-called "journeymen taverns," which in their regulations are modelled upon the labor guilds as formerly these were modelled upon the older guilds.

It is characteristic that the statutes of these journeymen fraternities established at first as their functions only periodical, common, divine service, common repasts, burial of the dead, and the support and care of their sick comrades. The older guilds had also offered all these advantages to their members, and as long as there was no class difference as yet between master and journeyman, these advantages were offered to journeymen as well as to masters. When, with the transformation of the journeymanship into a special life calling, the masters affecting superiority in the social relations began to seclude themselves, then we find the formation of separate journeymen unions specially for social purposes. In all trade relations, on the contrary, the journeymen now as ever still belonged to the guild. Indeed, at first, the journeymen fraternity appears only as a supplement of the guild, which now only takes special care of the social and religious needs of its members. Wherefore, the journeymen fraternities were, for the most part, recognized by the guilds and were established with their consent.

Origin of the Labor Question.—But whilst out of the journeymanship a class of journeymen rose, a life calling whose interests in many ways were different from those of the masters, the journeymen employed these

unions, as was to be expected, also for the promotion of their special interests as journeymen. We hear already toward the end of the fourteenth century violent complaints of the masters that their journeymen in their separate societies, under the pretext of association, unite together for the purpose of raising wages ; and we also read of attempts of the masters to suppress these journeymen fraternities. And in the two trades in which the conditions occasioned it, that a relatively small number of masters should employ a relatively large number of laborers who never had any prospect of becoming masters, namely, in the building trades and woollen manufacture, we find in England, France, and Germany, in the second half of the fourteenth century, strikes of the journeymen, which were distinguished from those of the nineteenth century only by time. To avoid the return of such strikes it was, at that time, regularly established "that henceforth when, in the said trade, a conflict rose between a master and his laborers, this should be settled by the superintendent of the business." At the same time it was enjoined upon the masters to treat and govern their laborers properly, and to the laborers was given an appeal against decisions of the guild masters to the mayor and aldermen. And some cases of which we have account show us that these regulations were followed, and thus the interests of journeymen guarded.

We find accordingly, to recapitulate, in all places and in all trades, that, in proportion as the capital which was employed in the trade increased and the guilds became more independent in the regulation of the industry, a separation occurred among the members of the guild. There arose a special master-class and a special journeyman-class. The masters employed the independence of the guilds for the government of trade in order to make

the conditions of mastership more difficult, for the purpose of limiting competition. This led to the origin of a special class of laborers who had no prospect of becoming masters and of carrying on trade independently, and to the origin of the labor question. For immediately after the satisfaction of special needs of this labor class, the question rose, and the solution of this question led, even at that time, to the same dissensions as to-day. This happens so universally, that where we in the time after the fourteenth century find no special dissensions and no special organization of the journeymen, we must suppose that, in the respective industries, the relations between master and laborer were as yet so little developed that there was no separation of masters and journeymen into two classes, and no difference in their interests.

CHAPTER V.

PROGRESSIVE DEGENERATION OF THE GUILDS.

THE separation of the masters and journeymen into two classes took place everywhere except in industries in which the masters worked almost without capital, lived in abject poverty, and were scarcely distinguished from the journeymen. In the richer industries of the large cities, from the end of the fourteenth century this separation between master and workman continued to increase. Still more in the fifteenth century than in the second half of the fourteenth, the requirements of capital and family connection for the mastership take the place of the original requirement—namely, personal capability. And the tendency to make the conduct of industry a monopoly of a few families after it had once begun, spread in the following centuries with increasing rapidity. The apprentices' fee was increased, the time of apprenticeship was extended, upon the continent the passing of a long time as a journeyman before reaching the mastership, travelling of the journeymen during the same, and expensive masterpieces and luxurious masters' banquets were required; indeed, further, the one to become master was obliged beforehand to have his ancestry examined, and since he, while journeyman, was not allowed to marry if ever he wished to become master, the candidate for the mastership was frequently obliged to name an honorable young lady as his future

life companion. The bride was then subject to the same test as to her ancestry. And this made possible endless chicane. But if the candidate for the mastership determined to marry the daughter or the widow of a master special favors awaited him ; in the same way the master's son was free from wandering and from all costly and toilsome difficulties in the way of an independent settlement in business. The guilds often sold their privileges and these often rested with designated houses. "A store, a beer house, or a bakery, a share in the shambles, the shop of a blacksmith or a shoemaker resembled," as someone has pertinently remarked, "a prebend ; they were acquired with more difficulty but were of greater value than this, since they established an inheritance in the family." Add to this, that the separate guilds with the utmost jealousy guarded their own interests in order to prevent encroachments upon their rights, and involved themselves in endless law-suits. Accordingly, it is conceivable that everywhere, in the fifteenth century, the tendency to limit again the autonomy of the guilds was everywhere manifest, that at this time there was a loud cry which demanded their removal, that when Henry III. of France, in 1581, extended the rules of the guilds to all trades in all parts of France, parliament at first refused to register his edict, and that in 1614 in France the third estate, in 1624 a party in the legislature at Bremen, in 1669 the Elector of Brandenburg moved in the German Reichstag the dissolution of all guilds.

Special Organization of the Journeymen.—But after the seclusion of the masters, as above indicated, it is further conceivable that among the journeymen a special class feeling should continue to be developed more and more, and the separate societies of the journeymen—the journeymen taverns—should continue to organize

themselves more solidly. This especially took place in connection with the wandering of the journeymen which was required in Germany and France. As early as 1361 we find this wandering fully organized among the tailors of Silesia, and about the same time originated in France the custom of the *tour de France*. This wandering becomes more important in the following centuries. But for the wandering journeymen, the fraternities were indispensable. They found work for the immigrating journeymen, and afforded them night's lodging, and, if they wished to travel, further support for the journey. Moreover, they afforded assistance to the sick journeymen, and buried the dead. The journeymen fraternities formed, like all guilds, the centre for social enjoyment of their members, and watched over the honor of their comrades. And as far as the journeymen taverns employed themselves upon these matters, they were approved and recognized by the guilds.

In the meantime, the guilds had become merely organizations of the masters, and pursued, as shown, blindly their own interests. On the contrary, the unions of the journeymen were employed for the sake of carrying out agreements and common measures against the masters. Wherefore the guilds frequently required that a master should be superintendent of the journeymen fraternity, frequently that at every assembly of journeymen two masters should be present to prevent such agreements. Nevertheless we find, in the sixteenth, seventeenth, and eighteenth centuries, in all countries, strikes, by means of which the journeymen sought to make good claims against the masters, and to avoid the consequences of their pretensions. These strikes were of a very serious character. Wherefore everywhere laws were enacted which threatened them with punishment and forbade

entirely the journeymen fraternities. Yet these laws remained without effect. Indeed, after the events in individual cities, as, for example, in 1600, in Magdeburg, it appears questionable whether in industrial and political relations similar to those of the fourteenth century the unions of journeymen would not have succeeded, for the time being, in conquering the guilds of the masters, as these, at that time, had overthrown the degenerate guilds of the ruling families.

Absolutism and Industry.—But for this the time had passed. At the same time, with the progressive degeneration of the guilds of the masters, a new power had arisen, as against which a forcible change of the industrial order through rebellious journeymen was not to be thought of: the modern state. The first care of the state was to cause the recognition of the equal rights of landed and personal property. At first there was no question as to a distinction between capital and labor. And that no such distinction came to the front was an effect caused by the activity of the modern state.

As the modern state in all departments united into one hand the authority hitherto divided among many and conducted by many, it took upon itself also legislation in industrial affairs, and the autonomy of the guilds in industrial matters, and with this their capability to do mischief, was limited. Indeed, the question might be asked why the modern state did not become still more injurious to the industrial organization at that time existing than as a matter of fact it did, and not why it sought to abolish the guilds as it so often did. But it had to support itself upon citizenship in order to thrive, and, accordingly, it had to deal with the interests of citizens indulgently. And then it saw a chief means to the acquisition of prosperity at home and power abroad

in the development of industry, and to the majority of those living at that time the guild organization seemed specially fitted to promote these ends. Wherefore the so-called Law of Apprentices of Queen Elizabeth of England, in 1562, codified, so to speak, the regulations of industry existing among the guilds, and extended them to all industries. Wherefore the industrial legislation of Colbert (1666-1673), which, while it newly regulated labor in manufactures, substantially reformed the technical rules of the guilds, but really confirmed their industrial regulations. Yet these laws did not merely regard the interest of the employer. The authority from which they sprung stood above special interests. They did not abandon the regulation of the relations of the laborer to the employer. Partly by legal rules, partly by the appointment of impartial overseers, it cared for the interests of the laborers ; and its regulation of the relations of the laborer satisfied in the main his needs at that time. But this corresponded both to the times and to the views of the laborer. The authoritative government of labor relations was the solution of the labor question suited to the times. Moreover, the formerly mentioned strikes were not directed against this control. We must rather say that they had in view the maintenance of this control, for they were directed against violations of those rules of the industrial order which were made in the interest of the workmen or against alleged violations of the honor of journeymen ; and with the dissolution of that order they became universal.

Patriarchal Solution of the Labor Question.—

With the dissolution of the old industrial order the condition of the great mass of laborers was at first made worse, whilst at the same time the general sentiment of the times recognized laborers' rights to make higher

claims. The labor question of to-day appeared. This development took place first in England. Here first the labor question became a burning question. But it is not only this priority which distinguishes the English development : political life there with the removal of the old condition of things afforded to the individual active, economic, and social factors the freest development. If England, from the latter cause, is the field most fitted for the scientific observation of the effect of these factors, it is also, in consequence of its advanced industrial development, the best place to stop for the purpose of passing judgment upon the future course of the labor question in general. The consideration of the English development will accordingly, occupy us exclusively in what follows.

CHAPTER VI.

THE LAW OF APPRENTICES OF ELIZABETH.

IT has just been stated that with the dissolution of the old industrial order the labor question became burning. Before this can be shown, it is necessary to state the rules with the disregard and removal of which this change occurred. For England the Law of Apprentices of Queen Elizabeth, just named, contained these rules. By this law the order existing among the guilds was, as it were, codified, and the observance of this order enjoined in all trades. As Adam Smith states, as the law became antiquated, judicial interpretation later limited the authority of this law to cities, places with corporation privileges and market-places, and to industries which existed in England before 1562, the year of the passage of the law. While in the eighteenth century in industries for which these rules had legal validity, employers and laborers for the most part did not know of the existence of the Law of Apprentices and only maintained its provisions as a custom, these provisions were also carried out in industries in other places as well as in those conducted in the places designated in the law as interpreted, and in industries originating after 1562, until far into the eighteenth century they were observed as the customary, industrial regulations.

Those provisions of this law which have importance for our consideration are the following : No one, whether

master or laborer, shall carry on any kind of handiwork or industry who has not served as an apprentice seven years. Every tradesman may take apprentices, but the one who has three apprentices must take one journeyman, and for every apprentice above three, still another journeyman. No one shall hire a journeyman for less than a whole year with mutual quarter-yearly notice to quit. The day's labor is fixed at twelve hours in summer, and from break of day till nightfall in winter. Wages are to be fixed yearly by the justices of the peace and city magistrates. The same magistrates are to settle all difficulties between masters and apprentices, and to protect the latter. By a law of James I. (2. Jas. I., c. 6) this authority of the justices of the peace and magistrates to fix wages was again extended expressly to all and every unskilled and skilled laborer.

By these and other provisions of the Law of Apprentices, a number of men were legally excluded from conducting business. Aside from this evil, as long as the quoted regulations of the Law of Apprentices were maintained, it is evident that the condition of laborers belonging to an industry was secure. The limitations with reference to the number of apprentices effected that the journeymen who had served the full time of apprenticeship, as a matter of fact, found employment. The long time of apprenticeship secured to them regularity of employment, however the state of the industry might be. The magistrates, according to the intent of the law, were to fix the standard of wages in such a way that "the wages should be sufficient for the hired person as well in times of need as of abundance." In connection with this, the length of the day's work was not excessive, since at that time the manner in which manufactures were carried on was not so exhausting as it is

to-day. If one considers finally that the patriarchal management to which the laborer had a right harmonized with the views of the time, it appears conceivable that, with such an adjustment of labor relations, the laborers did not miss the freedom of the labor contract, which, indeed, was completely excluded through this adjustment.

The Law of Apprentices and Industry on a Large Scale.—But if these provisions corresponded with the needs of laborers and of small masters, they did not correspond with the needs of industry organized on a large scale. The requirement of seven years' apprenticeship before one could conduct business must have been a hindrance to those who, in the possession of large capital, wished less to employ their own labor than their capital. But, moreover, those manufacturers who had served a seven years' apprenticeship, with the prohibition against employing laborers who had not been educated to the business for seven years, and by the limitation of the number of apprentices, saw the labor market limited, the price of labor increased, and the extension of their business impeded. The long time of service as apprentice might be advantageous to employers so long as they produced only for a local market, which was subject to few fluctuations. With production on a large scale for a foreign market, there was danger of a glut which might compel employers to dismiss their laborers. Just as little did a uniform rate of wages for the whole industry correspond with the efforts of the manufacturers on a large scale, now by higher wages to attract larger numbers of laborers, now by cutting down wages to make competition with others possible. As at last new labor-saving machinery was invented, and each new invention made the old machinery useless, the

manufacturers were desirous by progressive lengthening of the day's work to obtain higher interest upon the capital invested in machinery. This caused them to antagonize the limitation of the day's work by the Law of Apprentices to twelve hours. By all the quoted provisions of this law, accordingly, increasing manufactures on a large scale were hindered in their development. Their need was freedom of industry and the absence of all legal interference in the labor contract.

Accordingly, we find the large industries from their beginning in conflict with the industrial regulations established by the Law of Apprentices. At first, these latter were in many ways further confirmed by new laws, not in the interest of laborers, but of masters with small capital, as against the efforts of increasing industries on a large scale. Then we find the guilds in conflict with the large industries, since the small masters sought to protect themselves from the crushing competition of the rich engaged in such industries, by the employment of the regulations of the guilds. But neither those laws nor these endeavors of the guilds could stop the course of the development, which especially, in consequence of the progressive, technical inventions, was transferring manufactures into the hands of large capitalists. The only effect of the attempts to make antiquated laws and the regulations of the guilds legally effective against the large industries, was the transfer of the industries in which these attempts were made to places in which those laws had no validity and which were free from guild control. Birmingham, Manchester, and other places of like importance owe to these attempts their prosperity, which soon left far behind that of the old cities and districts. The competition of the industries here blossoming out deprived the old guilds of all im-

portance, and these, in their monopolizing efforts to change the natural course of affairs, only made themselves hated and despised.

The Dissolution of the Old Order and the Laborers.—Of a very different import was the stand of the laborers against innovations introduced by those engaged in the large industries. Emphasis has just been laid upon the fact that the Law of Apprentices, by a number of provisions, made the condition of laborers secure and tolerable. The opposite of this occurred just as soon as these provisions were no longer observed. The few among the laborers endowed with extraordinary abilities now saw the road open, and from their midst came the majority of the English employers. Yet, entirely different from this was the effect of the removal of the old order upon the great mass of those who were possessed of only average capabilities. The non-observance of the provisions of the Law of Apprentices, by which a number of men were legally excluded from conducting industry, instead of establishing in business a greater number of independent employers, diminished their number. A great number of small masters, in consequence of the competition of those engaged in large industries, sank into the condition of dependent laborers, and large numbers of skilled laborers saw themselves deprived of employment.

Formerly it was determined that the number of apprentices which any one might employ should stand in a definite relation to the number of skilled laborers. Now, however, the skilled laborers were dismissed in large numbers, and their places were taken by the same number of apprentices: for, in the last years of the time of apprenticeship, the apprentices performed for the employers as much labor as the skilled laborers;

they obtained, however, only apprentices' wages ; it was accordingly very advantageous for the employers, instead of skilled laborers, to employ apprentices, which the poor-houses furnished them by the dozens, and even for taking them away they were paid in addition. These apprentices were again, on their part, "after they," to use Sheridan's words, "had devoted seven years to learning the trade, dismissed and either relegated to employments for which their bodily condition had entirely unfitted them (in consequence of the time employed in learning the trade), or, deprived of all occupation, were cast upon society—a burden to charity and a menace to the property of the neighborhood." Cases are recorded, in the reports of Parliament, in which manufacturers employed as many as a hundred apprentices for every two skilled laborers, whilst at the same time the country swarmed with skilled laborers without employment, and these apprentices, immediately after finishing their apprenticeship, were dismissed, to be replaced by new ones.

The non-observance of the other provisions of the Law of Apprentices was accompanied with very similar results for the laborers. With the setting aside of the one year's time of employment, regularity of employment disappeared ; every stagnation in trade now led to the dismissal of workingmen. With this disappeared regularity of income ; every change in the market had now as a result fluctuations in wages. And instead of the justice of the peace or the city magistrate fixing the wages yearly, corresponding with the industrial relations, the employer now alone fixed the rate. After laborers had been attracted to an industry by high wages, reduction of wages followed upon reduction. And not only wages—all other terms of labor were determined now by the employer alone ; this led to conditions of the most

crushing kind. The time of labor was constantly lengthened. Every improvement in machinery led to a longer day's work, instead of to a shorter. Children and women had to work sixteen and seventeen hours a day, even in mines. But the effects of this for the health, morals, for the intellectual development, and the domestic and social existence of the laborers were of such a character that they occasioned one of the first great manufacturers, the first Sir Robert Peel, to exclaim: "Thus every great service of the British spirit of invention by which machinery in our factories has been brought to such perfection, instead of being a benefaction for the nation, becomes its bitterest curse!"

And, indeed, by the dissolution of the old industrial order the condition of the English laborer was at first made worse; it became insecure, life for the laborer became more difficult, his wages smaller, his labor harder; all the joy of life disappeared.

Thereupon the laborers formed the trades unions against the oppressions of the industrial barons then coming into existence, just as formerly the old free citizens had to form their protective guilds against the tyranny of the mediæval barons, just as the free handiworkers had to establish their fraternities against the encroachments of the old citizens. And the purpose of these trades unions, like that of those guilds, was the maintenance of independence and of their rights, and of a system of regulations against the authority of an industrial and social law of the strong arm.

CHAPTER VII.

ORIGIN OF THE TRADES UNIONS.

WHEREVER the traditional, industrial order was no longer observed, and in consequence the condition of the workingmen was made worse, we find, in the eighteenth century, English workingmen uniting in order to maintain custom and tradition. At first, the means employed to reach this end were purely legal. Thus the laborers in the woollen industry, as at the beginning of the eighteenth century in this industry the regulation of wages by the justices of the peace had come into disuse, presented a petition to the justices of the peace, in which they called upon them to fix the rate of wages. And in this industry, as well as in all others for which the Law of Apprentices of Elizabeth had validity, the united workmen sought, by legal prosecution of the employers who had violated the law, redress of their hardships.

But such petitions of the laborers had counter petitions of the employers as a result, and the justices of the peace favored the latter. The sentence of the court against the employers who had violated the Law of Apprentices caused the employers to petition Parliament for a suspension or repeal of the Law of Apprentices, and as a result of these petitions Parliament at first repeatedly suspended the law from year to year for special industries, as for the woollen industry, and at last repealed it altogether. But for a large number of

industries, and for the most important ones, in consequence of the judicial interpretation spoken of above, the Law of Apprentices had no binding force, and if the workingmen in these industries petitioned Parliament for legal protection, Parliament, upon counter petitions of the employers, proceeded with the regular order of the day. As soon as in this way legal assistance was denied to workingmen they everywhere turned their attention to self-help. By means of strikes they sought to obtain the regulations desired by them. But these strikes were organized in too primitive a manner to reach their end. When they failed in these, distress drove them again to present new petitions to Parliament, and, as Sheridan states, "from the moment that the workingmen found that their petitions were respected and they had any cause to hope that their hardships would be taken under consideration, all coalitions ceased, and their assurance of redress was founded entirely upon the justice and liberality of Parliament." But if this hope was repeatedly vain, distress which knew no remedy drove the embittered workingmen to deeds of violence, insurrection, even incendiarism.

Organization of the Trades Unions.—Indeed, the history of every industry in England, in the eighteenth and at the beginning of the nineteenth century, shows that as soon as attempts were made to do away with the customary industrial regulations, there resulted, on the part of the laborers injured thereby, coalitions. Their first object was the maintenance, in a legal way, of their rights. As soon as the maintenance of these rights was denied, strikes took place. It was at that time notorious that wherever labor was not regulated, either by law or by agreements between employer and laborer, coalitions of the laborers prevailed.

These coalitions were at first purely ephemeral. If the laborers of an employer believed they had cause of complaint against him, and if he did not remove this upon request, the workmen struck and were supported during the strike by their trade comrades who had work. If the object of the strike had been attained, or if it failed, the coalition was dissolved with the occasion that called it forth. But the funds raised in this manner for the support of the strikers were not adequate to a strike of long continuance. Moreover, the sums which the petitioners spent on Parliament were too great to be covered by a single contribution on the part of poor workingmen. At length the continual recurrence of the evils required a permanent organization to combat them. Accordingly, instead of the originally ephemeral coalitions there arose lasting unions.

These unions included, at first, all laborers of an industry in a locality. Originally the amount of the contributions depended only upon the free-will of their members. But in times of peace the community of feeling of the indolent ones slumbered ; while the zealous often made relatively higher contributions, the indolent paid nothing into the treasury, and thus there arose among the more zealous, narrower, close societies with definite fixed contributions ; but in case of disagreements with employers, the laborers who were not members regularly attached themselves to the society. The chief end of these societies was petitioning Parliament, the legal prosecution of employers who violated the law, and the support of strikers during a strike. Moreover, they supported their comrades who went to other places for the purpose of finding work, further, those who were sick, and paid the expenses of the burial of the dead. Moreover, they had many kinds of special

usages and ceremonies very much like those of the old journeymen fraternities, and it is very probable that, under changed industrial relations, out of such journeymen fraternities modern trades unions were developed in many places.

The Law of 1800 against Coalitions.—But the employers whose interests were threatened by these coalitions did not remain idle. Since the already existing laws against coalitions had not prevented coalitions of the workingmen, they petitioned Parliament to pass a new, more rigorous law against coalitions, valid for all industries, and succeeded in getting the law of July 29, 1800 (Act 39 and 40, George III., c. 106), passed, which strictly forbade every stipulation among laborers for the purpose of raising wages, of shortening the day's work,—in short, for the improvement of the condition of labor. Especially were meetings, unions, contributions of money for the purposes of coalition interdicted; those violating this law were threatened with imprisonment and hard labor, and the informer against violators of the law was entitled to the forfeit of their collective funds.

Yet, at the same time, the law provided that the former provisions as to the employment of laborers—that is, especially the Law of Apprentices—should remain in force, and that the differences between employers and laborers should be settled by courts of arbitration. But these last provisions were without effect. The courts had for a long time passed sentence upon those employers who had violated the Law of Apprentices only for the sake of appearance. The courts of arbitration existed nowhere except upon paper. But coalitions of the laborers still continued. Since the law prosecuted them, they concealed themselves under the guise of friendly societies for purposes of beneficence. With many such

friendly societies at the beginning of this century, we can scarcely distinguish whether they were really only friendly societies or trades unions. Precisely in the same manner, during the middle ages, after the time of Charlemagne, political guilds had concealed themselves under the guise of religion.

The Repeal of the Law of Apprentices.—At length, in 1847, after a conflict of more than a hundred years—for the violations of the law of Elizabeth began with the eighteenth century,—the employers obtained the victory formally which they had achieved a long time before as a matter of fact. For the woollen industry the Law of Apprentices had been repealed in 1809. By a law of 1814 (Act 54, George III., c. 96) the industrial system, which was as old as the guilds, was legally set aside. Undoubtedly the situation as it existed immediately before this abolition had become untenable. Whilst the law was nominally enforced, it was, as a matter of fact, not observed, and since its provisions had become antiquated it was no longer regarded. All agreed that a new law had become necessary. But while some required a reform of the law, others insisted upon its total repeal. Petitions were presented to Parliament by the representatives of both views. Three hundred thousand signatures asked for a reform of the law ; only two thousand asked for its repeal. A committee of Parliament was appointed to investigate the real conditions. All witnesses examined before this committee were against the repeal. Indeed, the arguments of the workingmen brought even the chairman of the committee over to their side, who before was very little inclined to their views. But in Parliament the interests of the employers were decisive. "Canning" and others were of the opinion that a reform of the law was better than a total repeal.

But we hear of no motion made for this purpose. Only the representatives of the interests of the employers were active, and with the general lack of participation of those not interested—the debates were even interrupted by calling the roll of the House,—the law on the 14th of July, 1814, was simply repealed.

CHAPTER VIII.

ADAM SMITH.

WITH this all traditional legal limits which had checked industry were removed. If the interests of employers, as has been stated and will be again further referred to in the sequel, were determining in the repeal of the Law of Apprentices, they were not alone in desiring this repeal. They had a powerful ally, whose attacks upon the Law of Apprentices they used very skilfully. And the attacks of this ally were by so much the more effective as nothing was further from him than a special regard for the interests of employers; full of magnanimity and liberality, he opposed the legal obstruction to an independent settlement in business created by the Law of Apprentices, and, in the interest of laborers, whose only property consists in the strength and skill of their hands, he demanded the repeal of this law. This ally was Adam Smith.

It is necessary to pause for a moment to consider the economic theory of this man whose arguments after a hundred years have not yet lost their charm. Let us ask what this theory is; whence it originates; how it came into existence; did it correspond fully with the economic conditions at the time of the repeal of the Law of Apprentices.

Adam Smith and the Encyclopædists.—"The Investigation into the Nature and Causes of the Wealth

of Nations" appeared in the first months of the year 1776. Adam Smith had worked upon it, in the retirement of the country, ten years. He began the work immediately after his return from France, where he had, during a twelvemonth's residence in Paris, at the house of Helvetius, the "Atticus" of the Encyclopædists, associated with the men whom this general lease-holder, thirsting for literary renown, assembled round his table, in order to discover the quintessence of their ideas and to publish them in his book "De l'Esprit," the code of individualism. And how great was the influence of this intercourse upon Adam Smith we can judge from the revolution it caused in his fundamental views. It is well known that Adam Smith, in 1759, had published a "Theory of the Moral Sentiments," according to which, moral actions are only those which obtain the approval of the well instructed, impartial beholder. According to him, human actions are weighed with respect to this approval, and he writes ("Theory of Moral Sentiments," vii., 3, 1): "That entire explanation of human nature which derives all feelings and inclinations from self-love, which has made so much noise in the world, seems to me to have originated from a confused misunderstanding of the system of sympathy." In the "Investigations into the Wealth of Nations," on the contrary, he holds entirely to the views of the book of Helvetius upon the nature of man, and regards selfishness as the only motive of human action. The consequences of this dogma of selfishness permeate almost all parts of his work. Indeed, to such an extent does selfishness seem to him as the only possible motive of human action, that he writes about the well-known resolution of the Quakers of Pennsylvania to emancipate on religious grounds all their slaves: "This must convince us that the number

of slaves could not have been very large; had they formed a considerable part of their property, such a resolution never could have been taken." ("Wealth of Nations," iii., 2.)

The Physiocrats.—But, just as in his philosophical, fundamental views, we meet in his political and economic deductions of the "Investigation into the Wealth of Nations" the ideas of the Encyclopædists. Like these, Adam Smith teaches that all men are by nature equal, and the diversities among men are not the consequence of inborn differences, but of difference in education, legislation, or government. Wherefore henceforth the removal of this influence and a limitation of the function of the state to the protection of natural freedom, property, and public order. The care of the legislature for the welfare of the individual is a shameless presumption; selfishness teaches each one what is best for his welfare. And since men are by nature equal, and moved by selfish impulses to the same extent, as soon as the state leaves individuals undisturbed to their own selfish endeavors in bringing into use all the powers and talents given them by nature, the greatest possible welfare of all individuals, and with this of the whole community, will be realized. First of all, accordingly, the removal of the present economic legislation, which has proceeded solely from the selfish efforts of privileged classes opposing all reform, and then *laissez faire, laissez passer*; in place of the present positive industrial organization, the government of the economic, natural laws.

From this proclamation of the "government of the nature of things," the French economists of the eighteenth century acquired the name of Physiocrats. But the doctrine of Adam Smith, which has so much obscured the theory of the Physiocrats, and which in many

ways was thought out in contrast with this, is, as above stated, in its fundamental views identical with that of the Physiocrats. Adam Smith has refuted that theory only in relatively subordinate doctrines, but, in connection with this, he himself has fallen into new errors. Aside from these differences Adam Smith is a Physiocrat. His chief merit is that he has given us the most splendid literary work of the school. In separate deductions he has added also something new of his own; we find especially in his work, in place of the abstract expositions of the French writers, a presentation filled with the results of the most zealous study of real life, to such an extent that the reader, forgetting its French origin, supposes the doctrine to spring immediately from English economic relations; indeed that, enraptured, he imagines he hears the pulse-beat of the economic life, not only of England in the eighteenth century, but of all nations and of all times, and is disposed to bow in reverence as before an eternal truth.

Nothing, however, is better known than that, at that time in France, a theory rose which wished radically to put aside every thing traditional, and to forbid every further positive superstructure in the place of that removed. Indeed, all nations of the eighteenth century suffered under too much absolute government, privileges of the feudal orders, and monopolies. But in no other country were the conditions so deplorable as in France, whilst, at the same time, among no people was the feeling against the injustice and destructiveness of these conditions so keen. None of the too much governed countries at that time were so badly governed as France. Nowhere was authority so shamefully abused and so contemptible as under the government of the most reprobate king who ever defiled a throne by his

excesses. Nowhere did the privileged classes use more shamelessly their privileges for the injury of the state and people. Nowhere were the monopolists more narrow-hearted, nowhere was monopoly more crushing. Nowhere was the condition of the people more desperate. Under such circumstances, a theory necessarily originated which saw its task in bringing into recognition the rights "which are born with us" as against rusty, historical rights, the freedom and majority of individuals as against absolutism, the equality of all men as against class privileges, and it inscribed upon its banner abstinence from every positive encroachment upon the economic life as against the abuses of positive, economic legislation. How well justified the demands of the Physiocrats were at that time, we see from the fact that, after the reform of the economic conditions attempted by Turgot in 1776 had been wrecked, upon the opposition of the privileged classes, the glorious night of the 4th of August, 1789, made good these demands under the shouts of approval of the nation.

The Physiocrats and the Laborers. — As to manufactures specially, in the first three quarters of the eighteenth century in France, as in the rest of Europe, they were still entirely carried on on a small scale ; at the most, as already noted, some few industries in England were already struggling up into industries on a large scale. But the small industries, as has also just been stated, in the hands of the guilds had become a monopoly of a few families who jealously excluded from business every one not belonging to their number. Moreover, this degeneration had taken place in France in the highest degree. And not only that the great mass who had to depend upon the support of their hands for a living were thereby excluded from the most profitable

employment of their capabilities, the most distinguished who possessed extraordinary talents for certain occupations were withheld from their development and employment. Inventors were ruined by law-suits over their inventions, in which they found themselves involved with the rebellious guilds. The consumer, in order to get any little article manufactured, was often obliged to resort to the most varied, nearly related trades, since each one jealously forbade the other to finish it. Thus the public saw themselves burdened. Over against these evils the Physiocrats defended with eloquent indignation the natural, unchangeable rights of the individual and the interests of consumers. As to the laborers specially, Turgot writes : " God made the right to labor the property of every man, since he gave to him needs, and referred him to labor as the necessary means for satisfying these needs, and this property is the first, the holiest, the most imprescriptible." But by the difficulties in the way of independent trade upheld by the guilds, the poor " were obliged to lead a precarious existence under the authority of masters, to languish in indigence, or to engage in industries in foreign countries which might have been useful to their native land." Wherefore, it is one of the first duties of justice to free all from all attacks upon these inalienable rights of man. Let the laborer be free. In the place of the former relation of service between laborer and employer, let there be the pure relation of contract ; in place of the former subordination of laborer to employer, let there be the same right of the contracting parties in making the labor contract as prevails among buyers and sellers of other commodities than labor. With the equal right of the contracting parties, let freedom prevail in the labor contract without any intermeddling of laws or magistrates !

We find these ideas carried out in detail in Turgot's introduction to the edict of February, 1776, in which he sought to abolish the guilds. And it is certainly not accidental if we find again not only the same ideas, but these often in the same phraseology, in the work of Adam Smith published at this time. We have here to do with the fundamental principles of the Physiocratic school, and we find these plainly formulated in the "Wealth of Nations," by the propositions in which this school was accustomed to express itself. In this method of argumentation, there is no special regard for the interests of employers. Rather here, as in all their deductions, nothing lies nearer the heart of the French economists, and of Adam Smith, than the welfare of the poorer and lower class of the people. Wherefore the angry outcry of all privileged orders, of the princes and the clergy of Paris, of the Parliament, even down to the masters of handicraft, against the edict of Turgot on the one hand, and on the other the ecstasy of victory of the Parisian workman at its promulgation, and the well-known saying of Louis XVI. ; "Only Turgot and I love the people."

Adam Smith and the Laborers.—Even more than in Turgot, we see in Adam Smith an expressed friendliness for the laborer ; indeed, this led him often to the bitterest attacks upon the employer and upon legislation influenced by him. Thus he makes, against the intermeddling of the legislature in the relations of labor, and against the fixing of wages by the justices of the peace, the point : "That whenever the legislature undertakes to regulate the quarrels between employers and laborers, it always takes counsel from the employer." Wherefore this regulation is always right and proper if for the advantage of the laborer ; but it is often the contrary, if for the interest of the employer" ("Wealth

of Nations," i., 10, 2). Accordingly, he states in another place (i., 8), there are no laws against coalitions of the employers for the purpose of lowering wages, but laws against coalitions of the laborers for the purpose of raising them. But employers are in a perpetual, silent coalition not to raise wages ; and the employer who offends against this is put under the social ban. These coalitions of the employers called forth counter coalitions of the laborers. The employers immediately cried for the police and for a strict execution of that barbarous law against coalitions. And here Adam Smith shows himself more progressive than Turgot. Whilst Turgot forbids, in order to protect the public from the raising of prices, all meetings of the members of a trade, whether employers or laborers, Adam Smith complains that the coalitions of the laborers, on account of the law against them, on account of the greater capability of the employers to hold out, and on account of the great poverty of the laborers, only seldom reach their end.

Adam Smith and the Repeal of the Law of Apprentices.—In the same way Adam Smith combats the Law of Apprentices ("Wealth of Nations," i., 10, 2), chiefly with respect to the injury caused to the laborer by it. Its provisions, he states, serve only to guarantee to the employer for seven years the labor of the apprentice for no wages at all, or very low wages, and to diminish, through the obstacles placed in the way of independent trade, the competition of employers. And with almost the same words as Turgot against the guilds, does he turn against the seizure, caused by the Law of Apprentices, of the "most holy and inviolable property" of those whose "only wealth is the strength and skill of their hands."

But wherefore this great difference at the dissolution of the old industrial order between France and England? Wherefore, in France in 1776, the fantastic opposition of employers against the edict of Turgot, and the rejoicings of workingmen? Wherefore, in England in 1814, the 300,000 signatures of laborers to the petitions against the repeal of the Law of Apprentices, and the loud clamor of employers for its repeal? Had the world been suddenly turned upside down? Had English legislation upon the relations of labor in 1814 freed itself from the influence of the interests of employers upon which Adam Smith has so bitterly animadverted?

A simple consideration gives the answer to all these questions: In 1776 industry on a small scale prevailed in France, and also almost exclusively in England; but between 1776 and 1814 the employment of the inventions of Hargreaves, Arkwright, and Watt, finds place in manufactures. A complete revolution in manufactures was thereby effected. Industry on a large scale now obtained the controlling influence, but by this means, as above stated, the position of employers and laborers, with reference to the Law of Apprentices, was changed; to the large manufacturers it was a hindrance, to the laborers a protection.

If this consideration of the times in which Adam Smith wrote shows that he did not understand the conditions of labor as they were developed after the removal of the industrial order attacked by him, and, under the prevailing influence of the large industries, that in the composition of his work he had in mind only the expiring, small industries, his arguments prove this still more conclusively. Although at the time he wrote, as is above shown, according to the journals of Parlia-

ment of the eighteenth century, in individual industries early struggling up into large industries, employers were already involved in a struggle against the Law of Apprentices, we find in the entire work of Adam Smith no passage from which it can be inferred that he had any knowledge of this ; nowhere an argument against the Law of Apprentices derived from the interests of the large manufacturers, although such arguments were so near at hand, and for the times were economically so obvious. Adam Smith, as Turgot, knows only the masters in the small industries, who, boasting of an obsolete industrial organization, abused their rights to the injury of the needy workmen and of the public. He expected an increased establishment of independent conductors of industry from the repeal of the Law of Apprentices, and he did not anticipate that, with the origin of large industries with the requirement of considerable capital, a greater barrier to the independent conduct of business than any limitation caused by the Law of Apprentices had been, would be erected ; then he could not know that the mere repeal of the law, instead of increasing the number of independent employers, would endanger the existence of laborers and make their condition worse.

The demands and arguments of Adam Smith had already become obsolete, when, in 1814, the Law of Apprentices was repealed. This is not indeed to be understood in such a sense as that the desire for freedom of labor and equality of rights for laborer and employer had become obsolete in 1814, or as that these demands could ever become obsolete. The demands of Adam Smith were rather no longer sufficient, as over against the changed conditions of industry, in order to reach the end striven for by him. It was no longer sufficient to

set aside the old industrial organization of society and to proclaim freedom of labor and equality of rights for laborer and employer ; it was necessary through positive reforms to secure this freedom and equality.

But the owners of large factories, who demanded the simple repeal of the Law of Apprentices, because they desired freedom from *every* restraining consideration, knew very skilfully how to make the arguments of Adam Smith useful for themselves ; indeed, very few employers showed themselves as adherents of his doctrine in any other particulars. As late as 1800, they desired a sharpening and generalization of the law against coalitions, and had constantly demanded its execution. At the same time with their petitions for the repeal of the Law of Apprentices, even on the same piece of paper, they petitioned for the maintenance of the law against the export of raw materials and machinery, against the emigration of skilled laborers to foreign countries, and, against coalitions of laborers. But over against the petitions of the laborers they everywhere carried in their mouths Adam Smith's argument for the repeal of this law in the interest of the laborer himself. And if also, otherwise, so warm and intelligent adherents of Smith's doctrine as Sheridan and Canning desired, in the face of the increasing disorder in the relations of labor connected with the increasing want of observance of the Law of Apprentices, a reform of the law instead of its simple repeal, yet the liberal and eloquent deductions of Adam Smith corresponded too perfectly with the current of liberal ideas of the time to allow the great majority of liberals who did not understand the conditions of the laborer not to give to them their unconditional approval. But for the conservatives the deductions of employers were of decisive moment, namely : that

the Law of Apprentices enabled workingmen successfully to form coalitions against employers.

Thus was verified again, at the repeal of the Law of Apprentices, the proposition of Adam Smith, that in all regulations of labor relations by the legislature, it takes counsel of the employers.

CHAPTER IX.

CONSEQUENCE OF THE REPEAL OF THE LAW OF APPRENTICES.

THE effects of the repeal of the Law of Apprentices were, for laborers, more ideal than real. It can scarcely be said that the condition of workingmen, in consequence of this repeal, was immediately made worse, since indeed in the most important industries the provisions of the law had been no longer observed for a long time before its legal repeal, and this repeal only made an already actually existing condition legal. At most, in the few industries in which the provisions of the Law of Apprentices had been observed as custom, the employers, as soon as their interests led them to it, now violated the old arrangement with less regard. The chief importance of the repeal of the law consisted rather in the fact that with this was taken away from laborers every prospect for the improvement of their condition by legislation, that with it the view was legally established that labor is nothing else than a commodity, that the laborer is nothing else than the seller of a commodity, that the fixing of the conditions of the labor contract must be left solely to the free agreement between employer and laborer, and that the state must stand aloof from all meddling in the same, just as it stands aloof from intermeddling in the sale of all other commodities.

And surely, however imperfect this view and how-

ever much it may need correction, and however imperfect, and however much Adam Smith's theory, upon which it rests, may need correction; however incorrect it is to say that labor is in no particular distinguished from other commodities; however much calamity the doctrine has brought upon laborers, namely: that all men are by nature equal, and therefore the absence of every barrier, and their relegation solely to their own strength, which spurs only the highly endowed to the greatest possible development of their capabilities, and which leads to the elevation of all men of the great mass—the middling kind,—it was a great progress that these fundamental principles obtained acceptance. With this, the personal freedom and legal equality of laborers for all time were fixed as the basis for the regulation of labor relations; the laborer, up to that time under guardianship, was thereby declared of age and independent, and with this declaration equal rights were adjudged to him who had hitherto stood over against his employer as a governed servant. Indeed, the doctrine which declared labor the only wealth-producing factor, necessarily led not only to a properly high estimate, but to an over-estimate of the economic importance of the laborer, whilst the demolition, occurring at the same time, of the old legal distinctions of ranks rested upon the idea of the equal rights of all classes of society to a participation in the blessings of civilization. Yet in sharp contrast to these views, which had obtained recognition in political economy, law, and politics, was the reality.

Crisis of the Labor Question.—After the removal of privilèges, the diversities in wealth separated the social classes more sharply than the diversities of rights had formerly separated them. The removal of all obstacles, instead of leading in economic life to the greatest

development of the powers of all, led solely to the unlimited control of the economically strong—the rich. Out of the class of laborers, indeed, the most capable, the economically strong, rose into the class of the wealthy; the great majority of English employers came from their midst. Those, on the contrary, who remained workingmen all their lives, the great mass of laborers, the middling kind, were damaged in their condition. In place of the regulation of the conditions of the labor contract by magistrates, who had been set aside in the name of freedom, we have now their regulation by the employer alone. And what Pitt had predicted in 1800 occurred: the competition of employers with each other compelled them to make these conditions constantly harder for the laborer. Wages were continually reduced to a lower scale. Machinery, which performed the former work of thousands, instead of shortening the day's work, lengthened it; instead of the removal of the old industrial organization leading to the establishment of a larger number of independent employers, adult laborers often saw themselves made breadless by their own wives and children, and, for their own means of subsistence, saw themselves relegated to the proceeds of the labor of these. Whilst labor was represented as the only wealth-producing factor, and the wealth of the nation increased with a rapidity never before anticipated, laborers saw themselves limited to the most indispensable necessities of life, and the amount of what was considered as indispensable constantly diminished. For, although it had been settled that labor is nothing else than a commodity, laborers who withheld their commodity, labor, from the market in order, like other sellers of commodities, by diminishing the supply to raise the price, were, in consequence of the law against coalitions, imprisoned.

Accordingly, as a matter of fact, the later so-called Iron Law of Wages became effective, namely: that wages are determined by what is indispensable to sustain life; if they ever rise above this minimum, they are again, by causes over which the individual laborer has no control, quickly lowered to this minimum, indeed below it. By active competition among laborers, the amount of what was indispensable was diminished. With this, influence upon the rate of wages was taken away from laborers, as well as the possibility of bettering their condition. It seemed fixed, as by faith, that only the wealthy should participate in the productivity of labor increased by the progress of science and civilization; that laborers should be excluded from this; that the rich should continue to become richer, the poor always remain equally poor. And with this economic separation of wealth and labor were connected other contrasts in other departments. The unregulated employment of women and children undermined their health and produced conditions with the further continuance of which the lasting degeneration of the human race was threatened. The lack of all education of children of tender age employed in factories, the destruction of all domestic life caused by the employment of women in factories, the social separation of the laboring classes from other classes of society, annihilated all refinement among workingmen; among the mass of laborers packed together in the factory districts there arose a special circle of ideas. There arose inside of the same nation two nations, of which one was the ruling nation, the other the ruled; of which one possessed a high culture, in which the other took no part; of which the ruling nation feared the ruled, the ruled hated the ruling; two nations whose interests and views were so opposite that

they no longer understood each other, in spite of the fact that they spoke the same language.

Thus the labor question, which, since the appearance of a special labor class in the fourteenth century, had been gradually developed, in the nineteenth century reached a crisis. Whilst theoretically the right of the laboring classes to a participation in the blessings of civilization and the freedom of labor were recognized, workingmen saw themselves, as a matter of fact, by the prevailing economic conditions, excluded from this participation, and placed in dependence upon others. It was natural that the desire should spring up in them to bring the reality into harmony with their legal rights, to struggle to secure for themselves independence and a share in the progress of civilization.

This struggle expressed itself first in a grand movement to influence legislation for the benefit of the laboring classes. And indeed a number of new laws were enacted in their interest. But this new labor legislation kept within certain limits. For all needs whose satisfaction went beyond these limits, laborers were relegated to their own self-help. And thus the legislature had to take certain further measures to render this self-help possible; but since this self-help, after it had been legally allowed, did not immediately bring to the laborers the improvement sought, they turned to those who promised them a happy future, through the overthrow of the existing social and political order. There arose mighty movements for the abolition of private property and the conquest of the power of the state by the laboring classes, in order to remodel the state and society in the interests of workingmen. And after all such attempts had been shipwrecked, but at the same time self-help had established, upon the foundations of

the existing social and economic order, organizations similar to the old guild fraternities, which enabled workmen to realize the independence promised them through the law, and to take part in the progress of civilization, the spirit which had produced those revolutionary movements died out.

We will consider all these developments in their historical sequence and dependence separately.

~ CHAPTER X:

THE FACTORY SYSTEM.

ALREADY, in 1814, as with the repeal of the Law of Apprentices of Elizabeth, the doctrine that the state is not to intermeddle in the relations of labor had obtained legal recognition, the first step was taken toward a new legal regulation of labor relations, which was calculated to reduce the value of the theory to its proper limits. The loom invented by Richard Arkwright in 1767 had transplanted the business of spinning from huts and cottages, where it had been conducted by women, and girls under the oversight of their mothers, to great factories in the northern counties of England. On the banks of rivers and creeks, which were adapted to turning mill-wheels, barrack-like buildings had been erected. Thousands of hands were now all at once required, and especially were the little, pliant fingers of children sought for to replace the former labor of adults. But where were these children to be found in those places situated in remote valleys? The parishes gave the answer. Their poor-houses were filled, overfilled, with breadless laborers and their families, which they were obliged to support out of their own purses. These parishes furnished the manufacturers the needed children not only without pay, but paid them something for taking them away. Indeed, mention was made in Parliament of a contract between a London parish and

a manufacturer in Lancashire, in which the manufacturer agreed with every twenty sound children to take one idiot. Children thus treated became, if not legally yet as a matter of course, the property of the manufacturer. Indeed, it happened that at a bankrupt sale a number of such children with other things were sold at public auction, and in the invoices were designated as a part of the assets. Like slaves the poor creatures under cruel punishment from morning till night and from night till morning were kept at work. Day and night the factories were kept going. Two gangs of children, one by day and one by night, alternated at the work and in the beds. The day gang climbed into the beds which the night gang had just left, and *vice versa*, and still to-day tradition in Lancashire relates that the beds never got cold.

These crimes against nature, nature herself avenged; she interfered with a frightful cry of warning. Contagious fevers broke out among the penned together, badly fed, and illy cared for parish apprentices, and produced ravages in the entire neighborhood of the factories. The neighboring villages and cities became excited, the newspapers took the matter up, and there arose a universal outcry of indignation as the horrid deeds committed in remote valleys began to be known, as yet, only in part. And if the selfishness of manufacturers had till then jeered at the efforts of isolated philanthropists, yet they were not strong enough to bid defiance to the public indignation, nor were they and their families proof against epidemics. They and their families were attacked by the fever. Then they consented, in 1796, to the appointment of a health commission, whose task it was to investigate the causes of the epidemic. And with incisive words they designated the treatment of the children employed in the factories as its cause.

The First Factory Law.—From this time the evils connected with the factory system never disappeared from public discussion. Wilbraham Bootle made the first speech upon the subject, in the House of Commons, and when the first Sir Robert Peel in 1802 brought into Parliament the outline of a law which had in view the protection of the parish apprentices employed in factories, he found the majority fully prepared for taking up the subject. Thus the evils which the absence of all legal regulation of the relations of labor had brought with them even for the wealthy, produced at first in the heart of modern industry a reaction, and in consequence of the further development of these regulations, the seeds of which were at that time planted, the workingmen obtained participation in the blessings which the new industrial inventions had brought to the whole world.

At first the "law of 1802 for the protection of the morals and health of apprentices and others who were employed in cotton factories" was without any considerable or lasting effect. The reason of this was, on the one hand, the absence of overseers to look after its enforcement, on the other hand, the limitation of the application of the law to poor children which the parishes furnished manufacturers, to the so-called parish apprentices. In consequence of this, manufacturers transferred their factories to the midst of populous cities where they no longer needed the parish apprentices. The employment of the steam-engine in cotton factories enabled them to dispense with the use of creeks and rivers. And the distress of the adult laborers, increased by the competition of children employed in factories, had removed their original opposition to the employment of their own children in factories ; indeed, this distress had frequently

relegated them to the earnings of their own children for their own means of support. Accordingly, the manufacturers found now in the cities the needed hands, and, after the passage of the law of 1802, the employment of this labor material offered special advantages, since this law had no validity for children whom their own parents sent into the factories. The evils which had occasioned the law of 1802 therefore continued unchanged and only increased with the spread of the factory system.

The Ten-Hour Movement.—Again resounded the cry for a legal intermeddling against these abuses, and in 1815 there arose, incited by Robert Owen, that conflict, of more than thirty years, between manufacturers and workingmen for a legal regulation of factory work, especially of the length of the day's work, the ten-hour movement. Upon the one side stood the workingmen led by some radical manufacturers and philanthropic Tories; upon the other the great mass of manufacturers and liberal doctrinaires—before all, the so-called Manchester School. Upon the side of the mass of laborers we find in this conflict a wonderful expenditure of heroism and quiet joy in sacrifice which through occasional outbreaks of the wild despair of individuals was only set in a clearer light. Upon the side of the mass of manufacturers we find an expenditure of all the means which property and a better education put into their hands, in order to obscure the truth and to silence the most pressing demands of humanity, and, upon the side of the Manchester School we find the arguments of Adam Smith, intended for entirely different economic conditions, against state intermeddling in economic life, and the most dismal prophecies for the economic future of England in case of the passage and execution of factory laws. Step by step the manufacturers defended industry against the legal

regulation demanded by the workingmen ; step by step, and for every special branch of industry, the workingmen had to obtain by conquest protection of their wives and children against conscienceless greed. But the stubborn opposition of manufacturers, since it made necessary the repetition of the proof of the necessity of factory legislation for every individual branch of manufactures, only served to discover the shocking condition of those employed in factories in its whole range, and to prove the total inadequacy of the economic doctrine of the Manchester School against all regulation.

The Ten-Hour Law.—Finally, in 1847, the workingmen obtained the long-wished-for decisive victory. From now on in the textile industries, children under eight years of age were not to be employed in factories, children from eight to thirteen years of age only six hours a day, those from thirteen to eighteen years of age, and women of all ages, only ten hours daily. Moreover, a number of sanitary regulations, in the interest of those employed in textile industries, were made and care was taken for the education of the children employed.

In 1842, upon motion of Lord Ashley, work in mines had been subject to like regulations. The most essential provision of the mining law of 1842 was the prohibition of labor underground on the part of women, and children under ten years of age. But the ten-hour law of 1847 was of much greater importance, although its provisions extended only to textile industries ; around this law, since 1815, had turned the conflict between employers and laborers, between the Manchester School and social reformers, and when after a contest recurring for thirty years, after its passage, its execution was secure, it was determined for all branches of industry, and not only of England, but of the whole civilized world, that

the work of women and children should be subject to state protection. The opposition of the manufacturers and of the doctrinaires of the Manchester School against legal regulation of the labor of women and children in factories was with this finally broken. It was now seen everywhere, that the mere lengthening of the day's work did not mean the same thing as an increase in the amount of work done. The laborers, especially the younger ones, who were no longer wearied by excessive, bodily effort, in the shorter time performed the same labor and frequently even more than before. And since with this the first evil, which the opponents of the ten-hour law had predicted as its consequence, the diminution of production, did not occur, their further dismal prophecies for the economic future of England were not fulfilled. Instead of this there was now seen to be an advantage which the defenders of the ten-hour law had predicted, the improvement of the physical, moral, and intellectual condition of workingmen, and, in consequence of this, the improvement of their industrial power. And to such an extent was this the case, that upon the subjection, in the following ten years, of other branches of industry to regulations similar to the ten-hour law, not only all opposition on the part of the Manchester School ceased, but even a so stubborn opponent of the ten-hour bill as the political economist Senior, now actively favored the extension of its provisions to other branches of industry.

Extension of the Factory Laws.—By special laws one industry after another was subject to similar regulations till, at last, in 1867, by an extension of the protective provisions of the same factory laws which were passed originally only as a kind of exceptional legislation for a designated branch of industry, it was declared for all great and small industries of England, Scotland, and

Ireland, that all labor of young persons and women for wages in factories should be watched over and subject to positive regulations. If a number of later supplementary laws were necessary, in order to make effective the provisions of the laws of 1867 in special cases, the new regulation of industry, as far as women and children are concerned, was completed in principle by the laws of 1867.

The Effects of Factory Legislation.—The large number of factory laws passed for separate branches of industry occasioned the English government, in 1875, to appoint a royal commission with the task of investigating the factory laws hitherto in force, with reference to their codification into a single law. Two deductions of the report of this commission made on the 10th of February, 1876, are especially worth mentioning in this place. The one concerns the effects of factory legislation. "Numerous former investigations into the condition of children and women employed in the various industries of the country," says the report, "discovered conditions which powerfully called forth universal compassion and required imperatively the interference of the legislature. In striking contrast to the conditions discovered in those reports is the present condition of those for whose benefit the various factory and workshop laws were passed. Some occupations, in spite of the police regulations for health contained in these laws, still undoubtedly are unhealthy, and in other industries the time of work is still occasionally extended beyond the limits fixed by the laws, which is injurious to the health of those employed in them. But these occurrences, to our delight, are only exceptions. In connection with this we have no cause to suppose that the legislation, which in so striking a manner has shown itself a bene-

faction for the laborers employed, has brought any considerable injury to the industries to which it applies. On the contrary, the progress of industry has probably not been checked at all by factory legislation, and there are only a few, even among employers, who now desire the repeal of the chief provisions of these laws, or who dispute the good results effected by them."

The Principle of Factory Legislation.—The second deduction of the report of the commission which must here be mentioned, formulates the principle from which the English legislation in the regulation of labor relations has hitherto proceeded, and by which such legislation is to be controlled in the future. The report states that the legislature has intermeddled in labor relations only for the benefit of children, non-adult persons, and women ; whilst these have shown that they were not able to help themselves, men had the power substantially to better their condition, and have abundantly made use of this power, especially in establishing a shorter day's work. But wherever men are able by their own strength to better not only their own condition, but also that of women and children engaged in the respective branches of industry, legislation has abstained from intermeddling in labor relations. For such branches of industry the laboring classes accordingly have been relegated to the self-help of adult male laborers for the improvement of their condition.

Principle of the English Labor Laws.—That with this every interference of the legislature for the benefit of adult male laborers has not been excluded, the legal prohibition of paying laborers in commodities instead of money contained in the law of 1831, the special provisions as to correct weight and correct weighing instruments contained in the later law regulating work in mines,

and very recently the English law as to the residences of laborers, passed, January 29, 1875, show. Since, as the preamble to this law states, various portions of many cities and villages are so built and the houses in them are so thickly inhabited that they are detrimental to the moral and physical well-being of the residents, and since single individuals are not able to remove this evil, there exists the necessity of tearing down such houses, court-yards, and alleys and rebuilding the respective parts of the city. Wherefore, the law gives to the local magistrates the most comprehensive authority to expropriate the former owners of such houses for the purpose of rebuilding them. Only the plan of building must be such that at least as many of the working class "as have been picketed out" may find in the old district or its neighborhood fit dwellings. This law accordingly introduces a far-reaching right of the community to seize upon the private property of individuals. Instead of the principle of absolute abstinence from meddling in labor relations, which at the time of the repeal of the Law of Apprentices prevailed, English legislation to-day is accordingly ruled by the principle of leaving the laboring classes to themselves there only where they by their own strength are able to better their condition; but everywhere to take legal measures for their benefit where their own strength is not sufficient to guard their interests.

CHAPTER XI.

THE LAWS AGAINST COALITIONS BETWEEN 1814 AND 1824.

IF at the repeal of the Law of Apprentices in 1814, the principal points of view of Adam Smith against the intermeddling of the legislature in the relations of buyer and seller of labor became law, it was not these views which were decisive in this repeal. Had this been the case, the law against coalitions would have been repealed at the same time. For if one regards laborers as nothing else than sellers of the commodity, labor, he must also regard it as an intermeddling in the sale of labor to forbid them legally, separately or collectively, to withhold their commodity from market in order to raise its price. The repeal of the law against coalitions was a necessary injunction of the political economy of Adam Smith.

Effects of the Law against Coalitions.—But, as already pointed out, it was the interest of those engaged in large manufactures which caused the repeal of the Law of Apprentices, and the same interest demanded that the law against coalitions should remain in force. Whilst upon the one side every state protection was denied laborers, now as ever through the law of 1800 against coalitions their self-help was punished as a crime. On the contrary, coalitions of employers were threatened only with fine, and this threat was never executed. For other employers sat as judges of those accused of coalition, and acquitted members of their own order. The

report of the House of Commons in 1824 upon the law against coalition states that no case was brought before the committee in which the employer had been legally prosecuted and sentenced on account of coalition. On the contrary, says the report, for the appearance of an ordinary laborer, at the next session of the court, to answer to a simple complaint for coalition, security was demanded to the amount of two hundred pounds, and two sureties, each for one hundred pounds, and a great number of laborers had been thrown into prison on account of coalitions for the purpose of raising wages, to prevent a reduction, and to regulate the time of labor.

Such a state of law necessarily led to the worst results. Let us represent to ourselves, that in the ten years after the Napoleonic wars the condition of the English workingmen was the most wretched in all modern times. Thousands of laborers who had been soldiers swarmed around now without employment. One new invention after another made breadless those hitherto employed. Reduction of wages followed upon reduction. If these wretches turned to Parliament for help, they were relegated to self-help ; and if they sought self-help, they were treated as criminals. And, in connection with this, the unrighteous law, by force of which this occurred, was still more unrighteously executed. But, as a matter of course, this had not the effect of suppressing the coalitions. These became universal in all industries. The only effect of this law was to embitter the feelings of workingmen against the other social classes, to sow among them the spirit of distrust, hate, and despair—to kill in them the sense of right and wrong. At that time the coalitions took on the character of secret unions ; they bound their members by the most frightful oaths, and in the pursuit of their purposes they were not appalled by the most

infamous crimes. And who that considers the stage of civilization of workingmen at that time can wonder at this ! They were punished in the same manner, whether they entered into a simple coalition or committed deeds of violence. No wonder that, oppressed to the utmost in the struggle for existence, they chose means, without consideration, from which their short-sightedness expected most help.

Repeal of the Law against Coalitions.—These effects of the law against coalitions could not remain unobserved. At the beginning of the first twenty years of the century there spread among liberal and intelligent statesmen more and more the conviction that the attempt to execute the laws against coalitions had had immeasurably more bad than good as a result. Thereupon Moore, representative of Coventry, in 1823, brought into Parliament the outline of a law which had in view the repeal of the law against coalitions, and the appointment of courts of arbitration for the settlement of difficulties between laborers and employers. A committee of the House of Commons was appointed to investigate the workings of the law against coalitions, and the investigation discovered in a comprehensive manner that these were the effects which have just been named. In 1824, upon motion of the Radical, Joseph Hume, and with the support of the whole school of Adam Smith, the laws against coalitions were repealed.

Development of Coalition Legislation.—But the bad effects of the laws, the secrecy of the coalitions, and the violence of the means they employed were not with this immediately removed. The long continuance and enforcement of these laws had deteriorated the character of the laboring population too much. The immediate effect of the repeal of these laws was merely an increase

of coalitions, of which many were still accompanied by criminal excesses. In consequence of this, by a law of 1825, excesses committed in connection with coalitions were threatened with special punishments. But after the repeal of the laws the condition and cultivation of the laboring population steadily improved ; and the greater progress they made, the less was such exceptional legislation required. For, since the coalitions were nothing else than the organizations of the workingmen of an industry, the measures taken by the coalitions necessarily corresponded with the conditions and character of the laborers engaged in the industry. Thus we find, after the repeal of the law, more open, legal, and prudent conduct on the part of the trades unions developed out of these coalitions. Through a trades-union law of 1871 the English coalition unions obtained the right to acquire corporation privileges ; and by the labor laws of the 13th of August, 1875, the punishment, as a crime, of the breach of the labor contract was removed, a few cases excepted, in which this had consequences dangerous to the public ; the exceptional legislation against crimes committed in connection with coalitions was repealed. In short, laborers were put under the common law, so far as coalitions are concerned, and with this the equality of the various classes of society before the law was recognized.

CHAPTER XII.

EFFORTS AGAINST SOCIETY AND THE STATE.

THESE statements, however, anticipate considerably the representation how the labor question was developed after the repeal of the law against coalitions. Between the express toleration of 1824 and the subsequent legal recognition of trades unions in 1871, we find not only the most interesting developments of these, but those attempts of English laborers, by an overthrow of the social and political order of the day, to better their condition, whose course places the bearing of trades unions upon the labor question in the proper light.

If with the repeal of the laws against coalitions the self-help of the laborer was allowed, yet his material condition was not immediately improved by this. The trades unions at that time were very imperfectly organized. In many industries there as yet existed no trades unions, but laborers united only for a special strike, and separated again when it was ended. But, as a matter of course, their means were not at that time adequate to reach their end. Thus the repeal of these laws brought the laborer, at first, new disillusion. And the more bitterly distress pressed, the more hopeless the prospect, with the means which the existing social and political order afforded, to free themselves from this condition of distress, the more natural it was that the workingmen should turn to those who promised a universal improvement from the overthrow of this order.

Robert Owen.—The reformer who, under these conditions of the English laborers, had a great and lasting company of adherents, was the millionaire Robert Owen. In his factory at New Lanark, in Scotland, he had made the discovery that his devoted care for the elevation of the material condition and the spiritual and moral education of his workingmen, brought not only the effects intended for the workmen, but was also accompanied by a surprising increase in the net income of his business. All England, indeed many crowned heads of the Continent, looked with astonishment at these wonderful results. Starting from this experience, Owen now desired the gradual introduction of "home colonies," of from two thousand to three thousand men, who should carry on manufactures and agriculture, live in the enjoyment of a community of property, and enjoy equal rights and advantages in education. Moreover, he desired easy-divorces, the introduction of rational government, with perfect freedom of opinion, and the abolition of punishments, which were to be replaced by rational treatment of the criminal ; all these demands were deduced from a special view as to the nature of man, from the fundamental principle that men are by nature equal, and the character of a man is formed not by himself, but for him by his surroundings.

It cannot be our task here to test the soundness of the theoretical principles underlying the demands of Owen, nor to go into the history of his attempts to realize them in individual cases. Only this is to be made prominent, that all his attempts to found colonies upon a communistic basis failed. And the reason is a simple one. Life in the enjoyment of a community of goods supposes specially excellent, high moral endowments on the part of those who form the community ; to

live in a communistic state, a fine sense of duty must take the place of the selfish impulses which, in the economic system of the present, spur individuals to the greatest possible activity, and move to subordination under others. Wherefore we have examples of the possibility of communistic life among religious communities; among the early Christians, in many Catholic monasteries, among individual modern sects. Wherefore the successful results of Owen's attempts on a small scale at New Lanark—the people who here led a life in common had been specially educated under his leadership, and, moreover, they were not in the enjoyment of communistic property, although they lived according to a common rule. But wherefore also the necessary shipwreck of all Owen's attempts to realize his ideas on a larger scale. As often as he undertook to found communistic colonies with men whom not a special discipline but rough reality had educated, whom no kind of moral and religious views bound together, but whom naked egoism attracted to him, the attempt failed.

But it was only logical if Owen, through these experiences; was not shaken in his faith in the correctness of his theoretical views and practical demands. He declared that in none of these attempts had his plans really had opportunity to be tested, since in no one of them were all his prerequisites complied with. And, indeed, since to his prerequisites belonged a special, universal education of men, and the success of a communistic colony supposes men of special character and special dispositions, he was right. Moreover, it need not be ascribed merely to the mild character of Owen that he decisively rejected all revolution and every other way to the realization of his ideas, except that of convincing the public. Since this realization naturally

supposes an inward transformation of all men, it results, as a matter of course, that this can never be reached through violence, but only by way of conviction. Thus he sent a band of enthusiastic disciples over the country to preach his new gospel and to win the public conviction. And those most highly endowed, spiritually and morally, among the workingmen professed his doctrine. In spite of the failure of all attempts to realize the doctrine on a larger scale, they remained true to it. Like Owen, they also maintained that in none of these attempts had Owen's system had any opportunity to be honestly tested. And we find still to-day among the most capable English laborers many who so think, and carry in their hearts, as the goal of the future, the realization of Owen's ideas, if they also, as over against the demands of daily life, as practical men, think no more of undertaking the realization of these ideas themselves.

The Idea of Associations.—As nothing was further from Owen than to incite hatred and violence against the rich, his appearance caused no harm. Indeed, it produced positive good. Owen's propaganda of his views spread much knowledge among workingmen, incited them to reflection, and gave to their lives and conduct an ideal direction. But, above all, out of this propaganda blossomed forth associations which have brought workingmen such rich blessings.

The whole English idea of association is of Owenistic origin ; the first members of associations were Owenites ; their attempts were founded upon the Owenistic ideas. In the distributive societies (co-operative stores) the first attempt was made to realize these ideas. Indeed, Owen himself declared these to be insufficient. And correctly : for however great the improvement of the condition of the laborers to which the unions for con-

sumption led, this improvement did not touch the focus of the labor question, namely, the relation between laborer and employer ; neither was the situation of the laborer in fixing the conditions of the labor contract immediately improved by the unions for consumption, nor was the old relation between laborer and employer thereby changed. He still continued to work for wages.

Productive Associations.—A change in this particular occurred first in the productive associations, since workingmen employed in these are at the same time proprietors of the business. There is in productive associations no special class of employers ; the laborers are their own employers, and receive, partly as wages, partly as interest and dividends upon the capital invested in the business, partly through the principle characteristic of productive associations, namely, the sharing on the part of labor in the profits, the whole proceeds of the business.

In these productive associations the same experiences were had as in Owen's communistic attempts. The most striking example is that of the well known Pioneers of Rochdale. As a number of flannel weavers, who assumed this name, in 1844 established at Rochdale a productive association, they adopted for their association the regulations of a former Owenistic community, and planned, together with other innovations for the overthrow of society, the "production in factories of such commodities as the association should agree upon, in order to employ comrades who were without employment, or who suffered under a reduction of wages."

After the union for consumption had succeeded remarkably a cotton factory was established, and for a number of years the principle of association was carried out in it. All laborers employed in this cotton factory

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were stockholders, and labor also took part in the profits of the business. But if the magnanimous founders of the enterprise were desirous to remain true to the principles of productive association, the carrying out of these principles was impossible. At first it was necessary to employ workingmen who were not stockholders; for not every laborer when first received was able to acquire stock. Then they were compelled to admit stockholders who were not employed as laborers in the factory; as the business prospered there was an influx of capital, and stock was purchased simply as an investment. The hope which in their enthusiasm the founders had entertained, to be able to found associations whose stockholders should leave to those possessed of no capital a great part of the profits which capital could claim by custom and might,—this hope showed itself deceptive. The stockholders had not the necessary high moral endowments for associative business. They were only men of the average stamp. They had no enthusiasm for the new principles, or their enthusiasm died out as they accustomed themselves to money-making. They were seized by the universal desire to obtain upon their capital the highest possible interest. The participation of labor in profits was set aside. With the falling away of this principle the stock in the hands of laborers employed in the cotton factory necessarily diminished until, at last, the majority of the laborers were no longer stockholders, and maintained no other relation to the business except that which they had through the market-price of their labor. With this the employer, whose removal co-operative production had in view, was again reinstated. The productive association was changed into a joint-stock company. The only innovation introduced was that, instead of one or several large capitalists, many

small ones stood over against workingmen as employers. But how little change was thereby effected in the condition of the workingmen is shown from the fact that since that time strikes of laborers engaged in these factories have occurred.

And similar to this development was the course of affairs in all productive associations. The principle peculiar to these was, in all of them only so long maintained as they had not attained to proper development. As soon as they became economically prosperous, in all of them with entering prosperity, on account of the lack of the necessary high moral endowments of the members, the principle of productive association was abandoned and they were changed into joint-stock companies. Most attempts to found productive associations were not at all successful from lack of these endowments. Wherefore the very small number of productive associations which have been successful from the time of Owen till to-day.

CHAPTER XIII.

CHARTISM.

HOWEVER important and lasting the influence which Owen exercised upon the English workingmen, his adherents consisted only of the select — the *élite* — among laborers. Moreover, Owenistic socialism in accordance with its entire character did not mean a community of goods of the mass of laborers. For this it was, on the one hand, too erudite and metaphysical; upon the other, too tame and peaceable. Only the most cultivated among laborers and those of the solidest character were attracted by it. The mass, on the contrary, united with a movement which showed the necessity of a reform of society, not from the want of freedom of the will under present social relations, but from hunger and distress; which spoke in the open field under the light of torches, before hundreds of thousands, in the language of riot, not in evening lectures in the pedantic phraseology of the professor's chair; which built its hope of a better future, not upon a transformation effected through conviction of the wealthy, but upon the strength of the army of the proletariat. This mass of laborers turned to chartism.

Parliamentary Reform of 1832. — The idea of equality which at the end of the eighteenth century had laid ancient France in ruins did not allow to exist any longer in England the electoral system which made

Parliament representative only of the privileged classes. There arose a movement for reform of Parliament, which was brought to an end for a generation by the reform law of 1832. Before the introduction of this law the number of reformers who desired universal suffrage, secret ballot, and yearly, or at least triennial, parliaments, was by no means small, and the influence of this party was so great that the authors of the reform bill had once thought seriously of satisfying their demands. These demands, however, were too little in accordance with the taste of Earl Grey and William IV., and the reform law of 1832 gave the right of suffrage only to the middle classes. But the workingmen, who through their attitude during the reform agitation had materially contributed to the victory of the middle classes, were quieted by the promise that when the reform bill became law, the new Parliament would forthwith extend the right of suffrage to them also, and would enact a number of laws which they desired in their own interests.

But the reformed Parliament, far from being inclined to workingmen and their special interests, was more hostile to them than the preceding Parliament had been. Certain outlines of laws which touched the interests of workingmen, as that for the regulation of factory labor, were drawn up not in the interest of labor. And to the demand of the Radicals for a further extension of the right of suffrage, Lord John Russell, with the approval of 501 voices against 22, replied with that celebrated finality declaration in which he pronounced parliamentary reform closed with the reform law of 1832.

The People's Charter.—Now, for the first time in the history of the working class, laborers separated in politics from the other social classes and formed their own political party. They who so long had worked with

the Liberals, who had given to them the relief which the adherence of the masses ever produces, and had mightily aided them to win the battle of public opinion, now separated from them : there came into existence a social democracy.

The movement originated from a union which was formed in London in 1837, under the name of the Society of Laborers. The object of this union was to obtain for workingmen a share in the representation. The final goal, however, for which it desired the possession of political power for laborers was the reorganization of society in their interest. From this union proceeded the people's charter, in which, in six demands which have become celebrated, every thing was formulated which seemed to the English laboring population, for the next twelve years, to be worthy of a struggle,—namely, the right of suffrage, and the right to be elected to office of all adult men, secret ballot, yearly parliaments, payment of members of Parliament, and equal electoral districts. With unwearied zeal the "Walking Delegates" of this union went through the provinces to preach to workingmen the six points as the gospel of their salvation.

The Chartist Movement.—In the provinces, from the time of the reform agitation, many radical unions had existed, which immediately upon its appearance made the charter their battle-cry. But in spite of the unwearied zeal of the agitators of the London Labor Society and the support which the Radicals in the provinces gave them, the Chartist movement would never have acquired the importance it did acquire without the movements which already existed in the factory districts. Here at that time existed in full bloom the above delineated horrors which accompanied the first introduction

of the factory system into England. The repeal of the poor-law of Queen Elizabeth in 1834, however necessary it had been, had placed before the lowest strata of the laboring population the alternative either of starvation or the dread of poorhouse regulations, made barbarous on purpose. And from these desperate conditions sprung the movements for the passage of a ten-hour law and the re-introduction of the Elizabethan poor-law, which took possession of the mass of the poorest and least educated, and demanded a participation in public affairs. Before the thus excited lowest strata of the population came the apostles of the charter, and if the English people, as a matter of fact, were divided into two nations by the relations in which the wealthy and the poor lived, the agitation of the Chartists brought this fact now to the consciousness of workingmen. With the most inciting language they delineated to them their condition and preached to them hatred against the wealthy and the existing order. Neither strikes nor Owenistic societies could rescue them from their misery as long as this order existed. Even the ten-hour law and the re-enactment of the poor-law would be ineffectual without a reform of the suffrage. The conquest of political power through universal suffrage offered the only rescue. For then, society could be easily regulated by the state. "Chartism, my friends," cried a leading orator of the Chartists at Kersall Moor, the *Mons Sacer* of Manchester, before 200,000 men, "Chartism is no political affair in which the question is whether you obtain the right of suffrage; chartism is a knife-and-fork question; the charter—that means good dwelling-houses, good eating and drinking, competency, and a short day's work." And thus the chartist movement, purely doctrinaire in its origin, obtained the weighty support of the masses, who from its

success expected a sure rescue from the distress in which they found themselves. As to the means by which universal suffrage was to be acquired, there was a diversity of opinion. A party of moral force and a party of physical force opposed each other. The first sought to attain their end by conquest of public opinion and by monstrous petitions to Parliament. But after Parliament had passed to the regular order of the day over these petitions, the adherents of physical force in the movement obtained the controlling influence. In meetings which often included more than 100,000 men, the people were in the most frantic language summoned to the conquest of the right of suffrage by arms. Others preached the abandonment of labor on the part of the entire British population in order to obtain the charter from Parliament by force. And it came, indeed, to bloody riots and to an attempt at a universal strike. But these attempts were repressed with severity. But prisons and punishment were without influence upon the movement. As martyrs those punished left prison cells, and the masses listened to them with increased enthusiasm. Thereupon the wealthy were seized with extraordinary anxiety. They armed themselves and drilled, in order, in case of necessity, to be able to withstand the Chartists in battle.

The Tenth of April, 1848.—As the chief of the Chartists, the member of Parliament, Fergus O'Connor, declared on the 10th of April, 1848, that he wanted to go into the House of Commons at the head of 150,000 men, to present to Parliament a petition for the charter, signed by 5,700,000 persons, the apprehension was great that the matter might come to bloody violence, and the most comprehensive measures for defence were taken by the government. A monstrous number of special

constables—according to some, 150,000—volunteered to fight for the maintenance of order. The Duke of Wellington took command of the whole army of defence.

Result of Chartism.—But it did not come to blows. Instead of 150,000 there were only 30,000 men in the procession to the House of Commons. By the measures of defence on the part of the government, O'Connor was intimidated. He gave up the procession. The petition was presented to the House of Commons in the simplest manner and there subjected to a test, in which only 1,975,469 signatures were found, of which the most were forged.

With this wreck of the procession, chartism got its death-blow. The great mass, after O'Connor's previous speeches, had with certainty expected that a resort would be had to physical force. After the leaders had not done what they had promised, the masses abandoned them. Splits occurred among the leaders themselves. Attempts were made by some of them to revive the movement; but in vain. Indeed, the sentiments and views which had called forth chartism governed for a long time the laboring classes. But the development which the English labor conditions had taken on in the last twenty-five years removed the causes of the danger-threatening importance which chartism had acquired. This development showed laborers practically that an improvement of their condition could take place very well in the state of to-day and under the existing order of society. And through this development the hatred against the existing social and political order of to-day has disappeared. And especially since the parliamentary reform of 1867 has, by conferring the right of suffrage upon laborers, made a step forwards in the recognition of the political equality of all British subjects, and has guaranteed to

laborers proper influence upon legislation, these laborers feel themselves again as belonging to the British nation. England includes again only one nation. In the England of to-day there is no political party whose aim it is to take possession of the power of the state by the laboring classes, in order, by way of legislation, to reorganize society in the interest of workingmen. The English laborers of to-day are again a part of the great Liberal party.

CHAPTER XIV.

THE DEVELOPMENT OF THE ENGLISH TRADES UNIONS.

THIS dying out of social democracy in England, and this whole tendency rich in blessings, outside of the English legislation just discussed, is owing to the improvement which the organization of trades unions has introduced into England.

It has already been noted above that the attempts to set aside the old industrial order immediately called forth coalitions of the laborers injured thereby. These coalitions, occasioned by specific, definite circumstances, always disappeared again with the removal of the cause which had called them forth. But it was soon seen that to reach the end of these coalitions, the existence of lasting unions was necessary, and the trades unions came into being, which, at first, included all the laborers of an industry in any one place; later, only the more zealous ones. The employers, it has been further shown, strove to repress these unions by laws against coalitions. These laws, instead of annihilating trades unions, gave them the character of secret alliances, and occasioned the most frightful excesses on their part, until the recognition of these effects moved the legislature to repeal these laws. The repeal of the laws against coalitions brought workmen at first new disillusion: for their trades unions were at that time so imperfectly organized that a strike seldom succeeded, and many laborers, despairing of an improvement of their condition through the means

afforded them by the existing social and political order, joined in movements which were directed to the overthrow of this order. But the better situated among laborers, the so-called skilled laborers, however much they might sympathize with these movements, stuck toughly to those means which, at all events, seemed fittest for combating momentary evils, and thus upon the foundation of the existing order of society, the organization of trades unions was established, which enabled English laborers in fact to realize in labor relations the independence conceded to them by law, and to participate in the blessings of civilization and in its progress.

Local Trades Unions.—From 1824 to 1830 only those laborers belonged to a trades union who applied themselves to the same business in the same place: the trades unions were only local societies. As yet they afforded not all the support which they afford to-day. Their chief task was the support of their members who, either in consequence of the state of the market, or in consequence of a strike, were out of work. Moreover, they supported the members who, without any fault of their own, had met with an accident which made them incapable of labor, and upon the death of a member, or of his wife, paid the expenses of the burial. The necessary funds for this were raised partly by fees for admission, partly by small weekly contributions, partly by extraordinary assessments in case of need. The government of the union rested with the assembly of all the members.

In industries which were extended over the whole country and which were exposed to frequent fluctuations, these trades unions could satisfy the needs of laborers only in part; such industries brought with them the wandering of those engaged in them to other places, and

if a laborer went to another place he must join a new union, in order, in case of distress, to secure support. If from any cause a strike occurred in a place, the disposable means of the union confined to the place were soon exhausted.

Extension of the Trades Unions to Several Places.—At the end of the first twenty years of the century the attempt was made, accordingly, in individual industries through a kind of confederation of the independent societies existing in various places, to meet these difficulties. But these confederations had no stability. An extension of the trades unions to several places was at first effected during the first thirty years of this century by the following means, namely, the members of a union who went to another place established there a branch union. By this means trades unions were extended to all places of the country in which the respective industry was carried on.

The advantages of this extension of the trades unions for laborers were extraordinary. Now for the first time were the trades unions for the workingmen really a support, for now for the first time was the liberty of settling in any part of the country for them a reality. They not only did not lose their right of support when they went to another place in order to find work, they now obtained assistance while going there, and found immediately companions who assisted them. The support which the unions guaranteed now became greater and more permanent, for the burdens were now distributed and borne by a much larger number of shoulders. If, for example, the laborers in a place struck, they were now supported by the laborers of all places in which there existed branches of their union, and could, accordingly, hold out much longer and had a greater prospect of victory.

Moreover, it was now possible to guarantee to the members in addition to the former, support in case of sickness and invalidity.

All funds paid out by the separate branches have since that time been contributed by their whole body, and every half year the entire fund belonging to the union is distributed anew to the separate branches according to the number of members.

Government of Trades Unions.—But with the extension of trades unions to several places, changes in their government also became necessary. Hitherto the government had been in the hands of the assembly of all the members. The assembly of the members in a locality now had only the regulation of the affairs of the place ; the government of the affairs of the union was in the hands of an assembly of the delegates of all branches, who met every two years. In their absence during the intervals, the leading branch union was the highest authority, and this was selected anew every two years by the assembly of delegates. Then the branch union in the leading place of the industry was permanently designated as the leading branch. But, at last, with a still wider extension of the union, the branches in the leading places of the various industries had only the regulation of their local affairs. For the affairs of the union specially, officials were designated, a general secretary and an executive committee who were selected by the whole body of members.

Unions of Trades Unions.—Through this development there gradually came into existence in each industry a number of trades unions, since from individual places trades unions of the same industry were extended over the whole country. Further, workingmen of the various employments in one and the same industry estab-

lished their separate trades unions ; thus, for example, in the manufacture of machinery the blacksmiths, the engineers, the metal-turners, the pattern-makers, etc., all had their separate unions. And the jealousies and dissensions among these various unions of laborers and one and the same trade brought them manifold injuries. Among the engineers, the separate trades unions had, accordingly, at the beginning of the first thirty years of the century, striven for a union with the other unions of their trade. At first a wearisome strike, in 1844, brought to the consciousness of the majority of engineers the necessity of such a union, and after lengthy deliberation, at last, in 1850, the fusion of all trades unions of laborers belonging to the profession of engineers was determined upon. The United Society of Engineers, coming into existence on the first of January, 1851, includes not only the great majority of engineers of Great Britain and Ireland, but also extends its branches to Canada, the United States, Australia, Northern France, and the Orient. Wherever English engineers go, they carry their trades union with them.

Scope of the Trades-Union Movement.—In accordance with this precedent of the engineers, in most industries in England the trades unions have united into a single society, including the great majority of laborers of the industry. But as to the scope of the entire trades-union movement, the final report of the Royal Commission of 1869, appointed to investigate the organization of trades unions, says : “ There is no industry in the country—aside from a few very doubtful exceptions—which the trades-union movement has not embraced, and there are very few parts of the country where this movement does not prevail.” According to figures lying before me, I believe the number of adult male laborers

of England belonging to the trades unions must be estimated to-day as high as between 800,000 and 900,000, and this estimate includes only those engaged in manufactures, not farm laborers, who, for several years past it is well known, have likewise formed trades unions. "At all events," says the report just quoted, "the trades-union movement includes every branch of skilled labor in this kingdom."

Trades Unions and the Mass of Laborers.—

But with this nothing less is said than that in England, under the sway of absolute freedom—that is, with the absence of every barrier,—the natural development has had as a result that, among skilled laborers and a great part of the unskilled, to-day there is scarcely any more competition. For in all industries which the trades-union movement has embraced, the activity of the trades unions is decisive in the supply of labor; and not only for its members, but for all laborers belonging to the trade, its measures are decisive.

Our reflections thus far have shown us the trades unions as the attempt of the class of wage-workers to form themselves into corporations from industry to industry. We have seen how at their origin they included all laborers of an industry in a locality; how individual laborers in the fulfilment of their duties to the whole body became negligent, and how special unions arose among the more zealous, but how now, as ever, in conflicts with the employer, all laborers of the industry attached themselves to a trades union. And in the same way to-day trades unions are the real representatives of the mass of laborers of an industry. Thus the character of the several trades unions corresponds exactly with the character of the laborers in the several industries, and corresponding with the character of the

English laboring classes in intelligence, culture, morality, and manliness, varies with the other existing differences from industry to industry, from district to district, from city to city—indeed, from one part of a large city to another. Thus also the industrial regulations which the various trades unions establish are nothing peculiar to these ; they are identical with the efforts of the mass of laborers of an industry, and according to the grade of culture which this has reached, wise or foolish. And all regulations which the trades unions establish, whether they wish to obtain an increase of wages, to avoid a reduction, or to acquire any other advantage, are for the good, not only of their members, but also of laborers in the industry not belonging to them. The trades unions form in every industry a kind of army, whose activity extends in its effects to the whole body of laborers of the trade, and whose principle, accordingly, is very properly the activity of a few for the benefit of all ; and the activity of the trades unions is recognized by the whole body of laborers as in their interest. In labor troubles to-day, laborers not belonging to the trades unions unite with them, and where, in an assembly of all laborers of an industry, the question is as to the selection of representatives for the same, the officers of the trades unions are always chosen. Trades unions are nothing less than the recognized organizations of the laborers of an industry.

CHAPTER XV.

THE TASK OF TRADES UNIONS.

THE trades unions arose, as has been stated, like the guilds of former centuries, at the time of the dissolution of an old industrial order, in order to afford protection to those suffering under this dissolution against the powers of the strong which had reached unlimited development. But the trades unions resemble the old guild societies not only in their origin, but their whole import is for the laborers of to-day the same as formerly that of the old citizen guilds was for the commercial patricians, the same as that of the labor guilds was at first for the whole order of handiworkers, and then, after the origin of a special laboring class, for the masters of handiwork, and the same as that of the journeymen taverns for the ancient journeymen.

Like all these guilds, the trades unions are alliances of the members of the profession. In the maintenance of the interests of the profession as a whole, and in the care for all professional needs of the separate members, lies the centre of gravity of the trades unions, the same as was the case with the guilds named. In connection with this their care extends, just as in the case of the guilds, to the universal, human needs of the members of the profession for whose satisfaction special organizations are necessary. The chief task of the old handiworkers' guilds, for example, was the preservation

of the interests of a special handiwork without, and the care for the industrial interests of the separate handiworkers within. In connection with this they supported their members in misfortune and sickness and buried the dead, although at that time religious fraternities existed for this exclusive purpose, to care for those belonging to them in such cases. Thus the care for the special professional interests of the laborers of an industry is the characteristic by which trades unions are distinguished from other unions. But, aside from this, they also contribute relief in case of accident, sickness, invalidity, and death of their members, although there exists in connection with them auxiliary treasuries of the most various kinds for all these purposes. Of the ancient guilds it has been pertinently said (Gierke) that they embraced the whole man and were calculated for all human purposes, and the trades unions springing from relations analogous to those from which the guilds sprung, like them in organization and efficiency, are the realization of the old guild principle corresponding with the modern industrial conditions: they are the labor guilds of the present.

Trades Unions and the Labor Contract.—But in what way do these trades unions meet the special professional interests of laborers?

The answer to this question is comprehended in the sentence that the trades unions place the laborers, in the conclusion of the labor contract, in the same position in which the sellers of other commodities find themselves in the sale of their wares.

The statement has been above made that the modern industrial legislation, which in 1814 was inaugurated by the repeal of the Law of Apprentices, sees in labor only a commodity like every other, in the laborer, only a

seller of this commodity, and in the employer, only a purchaser of the same ; and, corresponding with this conception, the legislature has recognized the legal equality of laborer and employer. But the laborers individually are neither able, in case employers reject the labor stipulations required by them, to withhold their commodity from market, nor to adapt the supply of their labor to the demand. In consequence of this, there exists no freedom in the labor contract, but the employer alone fixes the labor terms, and want compels the laborer to submit to them. Trades unions place laborers in a position, in the conclusion of the labor contract, to negotiate with the employer upon the labor stipulations, and to adapt the supply of labor to the demand.

Trades Unions and Wages.—The most important labor stipulation is the wages to be paid by the employer. Now one must not indeed imagine that the English trades unions meddle with the wages of the separate members. The fixing of wages of individuals they leave entirely to the individual contract between employer and laborer. Only they receive no laborer as a member who cannot show that he is earning the general rate of wages prevailing in a district. They require, accordingly, a minimum of wages from those who wish to join them ; but they require this not from the employers but from the laborers, and for the same reason for which they require of those to be received as members, service as an apprentice and the surety of two members that they are good workmen, as a guarantee of their laboring capability. Incapable laborers hinder the capable in their work, and the supply of labor on the part of the incapable at lower wages is frequently used by employers in an attempt to lower the wages of the capable. Where-

fore a laborer in whose case, after his reception as a member, it is shown that he, on account of incapacity, is not able permanently to earn the general rate of wages, is again excluded from the union. But if a member who is capable believes that he is not receiving adequate wages, he can present his grievance to the branch of the trades union to which he belongs. If the branch finds this correct, and if the individual is hereupon rejected by the employer in his request for an increase of wages, he receives support, if he leaves his work, until he finds employment again,—the so-called donation. But if the branch finds that he is paid enough for his work, his complaint is rejected, and he does not receive the donation if he strikes.

The procedure is similar if a branch is of the opinion that the general condition of industry in the place justifies it, if the laborers employed in it demand a general advance in wages or refuse to submit to a general reduction. In this case the branch must report to the executive committee of the union. If this does not sanction the purpose of the branch-members, they get no support in case of a strike or a lock-out. On the contrary, if the executive committee sanctions this purpose, the laborers of the place of the respective branch send a deputation to the employer or employers in question, to present their grievance. The matter is then discussed *pro* and *con*, and laborers frequently get what they desire, or a compromise is effected. But if this is not the case, or if employers refuse to receive the deputation, the laborers strike, and receive from the executive committee, during the continuance of the strike, the donation. The abundant means which the organization, including the industry in the whole country, gives to this committee lead frequently to the victory of the

laborers, or, at least, make the triumph of the employers so expensive that they do not again so lightly enter into conflict with laborers, and lend a more willing ear to their representations.

Regulation of the Supply of Labor.—The trades unions, accordingly, give to laborers the possibility in the sale of labor, like other sellers of commodities, to make independently their stipulations in its sale, at once to profit by improvements in the market, and in case of too little demand to withhold their commodity from market. But in this way they enable the laborers, like the sellers of other commodities, to adapt the supply of their commodity to the demand, and by this possibility is the prospect of laborers, in the conclusion of the labor contract, to make the stipulations striven for by them available, really conditioned. The regular adaptation of the supply of labor to the demand by the trades unions occurs in the following manner : in every place in which a branch of a trades union exists, the branch secretary keeps an account of the members who are out of employment, and as soon as a position in any workshop in the place is vacant, a laborer is sent there to ask for work. It is of great importance that the branch secretaries report every month to the general secretary the number of members of their branch out of employment and the vacant positions in the place, and designate exactly the kind of laborers unemployed and the kind of vacant positions, and report briefly upon the condition of the industry in the locality. As soon as the general secretary receives these reports, he sends members out of employment, at the expense of the union, from a place where the business is dull to another where laborers are required. And thus the trades unions effect in the quickest way the adaptation of the

supply of labor to the demand in all parts of the country, since they withdraw labor from a place where it is not required, to offer it in another where there is a demand for it.

The influence of trades unions extends not only to the present, but also to the future supply of labor. Their members refuse to instruct the apprentices of an employer and to work in his workshop at all when the number of apprentices employed is greater than it should be in proportion to the number of adult laborers employed in the shop. By this means the trades unions seek to prevent the employer from employing instead of workmen who have served their time to the trade, numbers of apprentices who, as soon as they have finished their apprenticeship and claim men's wages, are dismissed, to be replaced by new lots of apprentices. The consideration of the overfilling of the future market and the consideration of the future demand lies at the bottom of this refusal. Moreover, the trades unions unintentionally work for the adaptation of the future supply to the future demand, since their bare existence has a prudent conduct of laborers in relation to marriage as a result.

Finally, some trades unions exercise considerable influence upon the labor market, since they promote the emigration of members out of employment, if there is too great a supply of labor without prospect of an increase in the demand.

Labor Stipulations besides Wages.—Since the trades unions in this way have achieved for English laborers influence upon the stipulations of the labor contract, and with this wages corresponding on the whole with their needs, their efforts are directed less to a further increase of wages than to the time of labor, to

making the life of the laborer regular, orderly, and secure. Wherefore labor troubles in England in recent times have turned less upon the rate of wages than upon the other stipulations, as upon the manner of working, the length of the day's work, the number of apprentices, protection of the person of the laborer while at work, his protection over against his bosses, and the way in which payment is to be made. All these stipulations are for the life of laborers of the most vital importance. All these were formerly fixed by the purchaser of labor alone. Through the trades unions it has become possible for laborers in fixing these stipulations of the labor contract to make their interests availing.

Main Features of Trades-Union Policy.—But whatever regulations the trades unions seek to effect, there is a trait common to them all, and this trait is the necessary result of the characteristics of the laborers forming the trades unions.

Not all laborers belonging to an industry are members of the trades union existing in the respective industry. It has already been made prominent in a former chapter that trades unions exclude all incapable laborers, who often finally sink into the class of unskilled laborers, or even into the class of criminals and furnish the contingent for mobs. "But in almost every industry some of the most excellent laborers remain outside of the trades union, just like the worst. Nothing is more natural. Thus, as a matter of course, the binding together of the human sticks is a process not agreeable to all. Those who consider themselves too expensive or too strong—or perhaps too pliant—to be broken, can well claim the right to remain outside. The greatest perfection of labor which secures to him who has reached it a constant demand for his services, makes coalition for him

superfluous ; strongly stamped individuality holds others back.”—(J. M. Ludlow.) And finally there is a small *élite* with the necessary high character who prefer co-operation to corporation. To the trades unions, on the contrary, belongs the great mass of laborers endowed morally, intellectually, and physically with the average characteristics. And with this corresponds the fundamental characteristic common to all, the industrial regulations sought by the trades unions : the whole industrial policy of the trades unions is calculated for the middling stamp which everywhere predominates. Whatever industrial efforts we find among them, the principle permeating all these is the care that the great mass of laborers endowed with average capabilities may be able to live from their labor, and in this, moreover, the trades unions show themselves as the necessary supplement of political economy built upon the foundation of perfect freedom. For the free competition, from which Adam Smith expected the realization of the greatest possible welfare of all individuals and of the community, is the principle only of the fittest. The road free from all obstacles leads only the economically capable to the most perfect development of their powers and to the greatest excellence in their performance ; struggle of competition only crowds all others down lower. And when it is declared that all who cannot advance through competition ought to go to the wall, this judgment draws a sharp line of demarkation which appears untrue as, over against the facts of life, it overlooks, between two extremes which include but few persons, the great number of those who stand in the middle between the two. Practical life in England has supplemented this defect in theory, and the same freedom which led the highly endowed to the unhindered development of their powers, led that great mass of those

standing in the middle to confederation into trades unions. And whilst trades unions have not hindered the most skilful laborers in obtaining the greatest possible advantage from their special capabilities ; whilst, for example, the great mass of superintendents and overseers in engineering, and the great number of administrators and directors at one time or another have been members of the trades union of engineers, indeed, belonged to their founders ; whilst we have the express testimony of employers who were hostile to the trades unions that their activity in no way diminished the number of laborers who have elevated themselves above their order, the trades unions have preserved the mass endowed with average capabilities from ruin, and have educated up to that point a number of laborers who left to themselves would not have reached the middling class. And in this also the trades unions show themselves as the successors of the old handiworker guilds and of the former industrial legislation.

The Trades Unions as Relief Societies.—With the fulfilment of this task peculiar to trades unions—namely, care for the special interests of the profession, they unite further, as already stated, care for their members in sickness, accident, and invalidity, and for the burial, in case of death, of members and their wives. In all these cases they pay large sums, and as the inspection of the expenditures of the United Society of Engineers shows, it is a colossal sum which this trades union alone during its existence has expended for these purposes and which it has saved to the purses of those liable to pay taxes.

Increase in the Contributions.—As from a preceding statement is already known, the trades unions at the time of their origin did not afford all these helps, but

only afforded assistance to those without work, in case of accident without fault, and in case of the death of a member. The funds necessary for this were at first raised in case of need by voluntary contributions. But the contributions were too irregular ; therefore, definite, low, weekly contributions were everywhere fixed, and in every separate case of need definite taxes were laid upon all members. This form of raising the contributions corresponded best with the irregularity in the income of the laborer at that time. But through the efficiency of the trades unions the existence of the laborers became more regular and secure ; with the greater development a certain regularity in the sums which were necessary for these various purposes showed itself. Whilst through the greater security and regularity in the income of laborers a regular assessment of taxes became possible, the regularity of the expenses to be borne made an assessment of that kind desirable. Accordingly, the contributions which were regularly raised were made to fit the sum which, on the average, experience showed to be necessary in order to meet the regularly recurring claims upon the treasury ; and in addition to this, extraordinary assessments were kept up for all extraordinary exigencies and for the case that the regular claims on the treasury should not be covered by the regular contributions. In this nothing was changed except that to the aids formerly afforded, aid in case of sickness and invalidity was added. For the various aids afforded, however, separate treasuries do not exist, but all are paid out of a single treasury.

Administration of the Funds.—This unity of the funds is in the interest of the public as well as in that of the trades unions. If there existed in the trades unions for every kind of support a special treasury, there would be a treasury with the exclusive purpose of supporting

strikes. Since this fund could be used for no other purpose, the number of strikes would necessarily be increased. The laborers must needs enter upon a quarrel, since they can do nothing else with their money. Thus by the separation of the funds the number of strikes is increased, and the history of the trades union of the English stone-cutters, the only one in which this separation exists, is a proof of the correctness of this statement. On the contrary, the great wealth which the trades unions amass by the consolidation of their funds, gives surety that they will not let themselves be led away with precipitation to a strike or to any act of arrogant and destructive opposition against employers which would relegate a great number of laborers to support out of their funds. "The members of our society," says the general secretary of the United Engineers before the Royal Commission of Investigation of 1867, "are in general decisively opposed to all strikes, and the fact that we have great wealth strengthens this aversion ; they wish to keep what they have. He who has not a shilling has no occasion for solicitude ; but with so great accumulated property as we possess, we are inclined to the utmost care not to spend it extravagantly, and we regard all strikes as a perfect extravagance in the expenditure of money." Whilst, by the union of the funds, the war treasure can be expended for purposes of peace, the danger of precipitate strikes is removed. This consolidation of the funds is in the interest of the trades unions moreover, since in cases of sudden exigencies of every kind it places at their disposal greater means for meeting them. But when the occasion for extraordinary expenditure is passed, the sums which have been taken from the treasury to defray them are again replaced by extraordinary assessments.

Solvency of Trades Unions.—Since the consolidation of the funds increases considerably the strength of the trades unions in case of a strike, the employers have made violent attacks upon this kind of management of the treasury in order to degrade the trades unions in the eyes of laborers and of the public, and have maintained especially that the contributions which the trades unions raise are insufficient to cover the aids which they promise. Two of the best actuaries of English insurance companies have been employed to show by figures the imminent insolvency of the trades unions. And without doubt, if we consider trades unions from the stand-point of capitalistic insurance companies, it does not at all need the computations of an actuary to show that the solvency of a society, which according to its constitution may be compelled suddenly to spend its whole wealth upon a strike, is guaranteed. But the trades unions are no insurance companies, they are corporations with the special object of satisfying certain needs of their members. Some of these needs are regular, others irregular. The irregular and incomputable needs which often suddenly require satisfaction, make it impossible for them at all to be satisfied with regular contributions. Whether and how far a need is to be satisfied is determined not so much according to the state of the treasury; the contributions which they require, like those of the state, are governed by the needs which must be met. If a need occurs for whose satisfaction the means at hand are inadequate, extraordinary taxes are raised from all the members, after consent given by a general vote, and as high a tax as the need to be satisfied requires. Such contributions are very often necessary, especially after strikes and lock-outs, but they are raised also frequently for purposes of aid in

case of sickness or accident, but such kind of contributions, as a matter of course, make all those prophecies of actuaries absurd. "You have heard," said the president of the Royal Commission of 1867 for the Investigation of Trades Unions, to one of these actuaries, "what Mr. A. has offered ; do you wish to change your former statements in any particular ?"—"No ; except, that so far as trades unions are able by extraordinary taxes to cover any existing deficit, this must remove all my objections with reference to the inadequacy of their contributions." But as long as there are conflicts between employers and laborers, the laborers will be ready to pay all contributions which their trades union requires from them.

Corresponding with all these considerations, the legislature has left unnoticed the demand of employers for a separation of the funds of the trades unions, and the trades-union law of 1871 has given to them the right, whatever may be the constitution of their treasury, to acquire corporation privileges.

The Labor Guilds of the Present.—But the trades unions care not only for the professional interests of laborers and support them in all kinds of distress, they afford, like the guilds of old, to their members opportunity for social enjoyment, and, like those, are anxious, by the maintenance of discipline, to preserve the honor of the order. Thus no laborer of improper habits is received as a member. If a travelling member leaves his inn without paying his bill he is punished. If a member is guilty of fraud, embezzlement, or of concealing stolen goods, he is put out of the union and his name published. In relation to conduct in their assemblies, there are the same punishments as in all the guild statutes, even back to the most ancient times. Quarrels, swearing, drunkenness, and also, for the purpose of

avoiding controversies, the discussion of religious and political questions in the meetings of the union are punished by fine. A member who, on account of drunkenness, disorderly behavior, or dishonesty, has lost his position, does not receive the donation. Members who travel to find work are especially watched that they may not use for purposes of idleness the support afforded by the union. The aid in cases of misfortune is then only granted when the misfortune has been occasioned not by drunkenness or other similar fault of one's own. Only at the death of the married wife of a member does he receive aid for her burial, but not at the death of his concubine. The trades unions are also solicitous to increase the knowledge of their members by the distribution of good essays, in the published monthly reports of their secretaries, by reading-rooms, and by evening lectures, in which their members seek mutually to instruct each other.

Thus the trades unions in every way justify the designation attributed to them above as the labor guilds of the present ; for, like the ancient guilds, they embrace the whole laborer and seek to meet all the needs of his life.

CHAPTER XVI.

COALITIONS OF EMPLOYERS.

THE statement thus far of the historical development of the relation between employers and laborers shows the strike as the means which the laborers, after the state had retired from the regulation of this relation, embraced in order in this on the one side to place their own will over against the will of the employer, which now had attained to unlimited assertion on the other side. Just as the one-sided assertion of the will of employers in fixing the stipulations of labor called forth the coalition of laborers, so the one-sided assertion of the will of laborers in alliance called forth the coalition of employers. Such coalitions of employers were similar to the first coalitions of laborers, only ephemeral. They occurred on the part of those employers upon whom the laborers in alliance made a definite demand, in order to oppose such demand. After the battle had been fought out, indeed frequently before that time, these coalitions fell to pieces again.

Trades Unions of Employers.—But since the organization of trades unions has become stronger, and their tactics more prudent, frequently formal trades unions of employers have sprung from their ephemeral coalitions. The trades unions of laborers have learned one thing from employers: the laborers have of themselves made the experience that any laborer separately

is powerless as over against capitalistic coalition. The individual employer even stands over against laborers as such a coalition. They have seen that employers are willing to negotiate with laborers only as individuals in order to prescribe to them their own conditions. In the same way the trades unions act to-day if they wish to make good a demand. They do not make this demand upon the entire body of employers in an industry at once, as they formerly did. They make first a demand upon one firm alone. Single-handed no firm can to-day fight the battle out against the trades union. Therefore it either does not take up the battle at all, and submits at once to the demands made, or it takes it up and is defeated. When the demand upon one firm is made good, it is made upon a second, and then upon a third and a fourth, until it is conceded by all the firms engaged in the industry.

Over against these tactics employers have frequently formed, like laborers, such permanent societies for mutual support. And not only the origin of the unions of employers is analogous to that of trades unions in their various regulations, but in their conduct they are the counterpart of these. Thus they agree upon the wages to be paid to their laborers by their members. If a member pays his laborers higher wages, he is punished. Every member whose laborers demand an increase of wages, or any other concession which might lead to a general increase of wages, must submit this demand to the society. This appoints a committee of investigation to see whether the demand, according to the general scale of prices and practice prevailing in the district, is justified. If this committee recommends a rejection of the demand, and if a strike follows, the respective member obtains from the society an indemnification corre-

sponding to the size of his factory. These indemnifications, however, are not met out of the regular contributions of the members. They pay generally no regular contributions; every firm must deposit securities with the banker of the society. At the end of a strike the firm whose laborers have been having a holiday sends an estimate of the indemnification which it can claim, corresponding to the length of the strike and the size of its factory, and the necessary funds for this indemnification are then raised by assessments upon all the firms belonging to the society. If a firm refuses to pay these assessments, the securities deposited are sold to meet them.

The Lock-Out.—The lock-out is more frequently to be sustained than this kind of union of members whose laborers strike. As soon as the laborers of a firm belonging to the society of employers strike, the entire membership of this society close their factories until the laborers are ready to begin work again. The object of this is, by the increase of the number of strikers, the more quickly to exhaust their means of support and to bring them more speedily to terms. And just as the trades unions in case of strikes send out sentinels to warn laborers not to engage in work for certain employers, the societies of employers send out circulars in which they seek to prevent the employment of certain laborers.

Success of the Lock-Out.—There is a peculiarity connected with the union of employers which, in spite of the greater facility of organization and their greater means, makes their lasting success impossible and affords them even temporary victories comparatively seldom. The regular and natural relation between employers is that of a feud—namely, competition. Now they must

at once renounce this their nature and together combat a third party, and as long as their interest shows this to be for their advantage they are undoubtedly ready to do it. But the longer the struggle lasts, the greater is the temptation for the separate employers, by desertion from their class and by separate treaties of peace, to get to the market, which is stripped of their products and demands them, before the other employers, to attract customers and amass a fortune. And as experience shows even to disgust, employers are much less capable than laborers of withstanding such a temptation. The observation of the agreement of employers in the societies can therefore be enforced only by the threat of fine, often amounting to the sum of \$25,000, and by social bad repute in case of possible defection, which is entirely equivalent to the bad repute of unfaithful laborers with their comrades. And here, too, it is a matter of calculation with employers whether it will be more advantageous to remain true to their agreement, or, by an abandonment of this, to make extraordinary profits and pay the fine.

CHAPTER XVII.

THE BATTLE OVER THE LABOR STIPULATIONS.

THE superiority of the separate employers over laborers has called forth, accordingly, coalitions of laborers, the superiority of the trades unions over separate employers has produced coalitions of employers, and now the two parties stand over against each other organized in large unions. Often enough wearisome conflicts take place between the two. The history of the English laboring classes during this century gives an account of strikes and lock-outs which included ten thousand laborers, and continued months, a quarter of a year, half a year, indeed longer. And with stubborn, heroic courage and bitter despair these battles were fought out by both parties.

If laborers strike, all employers close their factories ; both parties immediately seek to convince the public of the justice of their cause and to secure for themselves the support of those belonging to their class. The first happens when laborers and employers seek by the representation of their case in the papers to justify their conduct. Employers attempt the second by circulars to the other employers, in which they warn them not to employ laborers locked out by themselves, which laborers they specially designate. The laborers, on the contrary, send out sentinels to prevent their professional associates from engaging in work in the closed factories,

in connection with which it formerly frequently came to deeds of violence. To-day, on the contrary, the trades unions pledge their honor that no illegal deed shall be perpetrated. Thus the conflict is waged for some weeks, each party expecting the other to yield. But if after weeks there is no prospect of a settlement, the public opinion regularly takes a lively interest in the struggle. For the public feels itself sensibly injured. In consequence of a strike in a single branch of industry a number of unskilled laborers or of those belonging to other industries is regularly made breadless, and must be supported by taxes for the poor. Moreover, the public obtains its accustomed necessary commodities either not at all, or has to pay a higher price for them. The public becomes impatient, the press turns against the party which it believes to be the weaker, generally against the laborers ; preaches compliance to them in threatening effusions, and increases by its passionate appeals the universal exasperation. But the more violent the passions of the employers and their friends, the more the passions of the laborers rise. The participation in the conflict is not confined to the laborers in one industry. All trades unions take part in it by their contributions. Hatred seizes not only the men, but whole families ; the women are most violent in their opposition ; one piece of furniture after another is sold ; one garment after another is pawned ; it has occurred that thousands of strikers have been turned out of houses belonging to employers into the open air, preferring to pass the night for months with wife and children out-of-doors than to submit. Finally, after the fire upon the hearth has for a long time been extinguished, money all spent, and credit at all the shops exhausted ; when there is no longer any bread and no protection against cold, peace is declared.

In the obituary notices of the last months of a strike, and in those immediately following, there is a strikingly large number of children and elderly people who have disappeared from the class of laborers, whilst, on the other side, the list of bankruptcies announces many firms which in consequence of the stoppage have become insolvent.

Cost of Labor Controversies.—But success richly indemnifies the victorious party for the sacrifice. Indeed, the attempt has been made to dispute this. Thus, some writers, by pointing to the wages which, in consequence of a strike, the laborers have irreparably lost and the interest which capital has lost during the same, have tried to convince the contending parties of the ruinousness of strikes and lock-outs. It has been said to laborers that the great gain which a strike may possibly bring cannot replace the wages which might have been earned during the strike. But if the great cost of these conflicts occasions the trades unions, and especially the richest ones, to exercise greater caution before they take up the cudgel, yet they are in no way disposed to avoid strikes which are necessary. The cost of every thing, the trades unions have triumphantly replied, is to be computed with reference to that which is to be accomplished or averted by the same. But, by a comparison of the cost of a strike with the result achieved by it, this expense appears as capital invested and the result as interest upon the same. The lowering of wages by 10 pfennige¹ an hour, for example, would, in an industry employing 1,000 men, amount in a day of ten hours to 6,000 marks² a week, or 312,000 marks a year. If the industry includes 10,000 laborers, the reduction in wages amounts to

¹ A pfennig is nearly one fourth of a cent.

² A mark is one hundred pfennige, nearly twenty-five cents.

3,120,000 marks yearly ; if 20,000 laborers, to 6,240,000 marks yearly. But what capital do these yearly sums represent ? At a rate of interest of 5 per cent., 312,000 marks is the yearly interest on a capital of 6,240,000 marks ; 3,120,000 marks is the yearly interest on a capital of 62,400,000 marks ; 6,240,000 marks is the yearly interest on 124,800,000 marks. Let us suppose the greatest amount at which the cost of a strike can be computed, it will remain considerably below these figures. The same is true also for employers ; a successful lock-out, in order to effect a reduction of wages or to avoid an increase, richly covers its cost.

The Effects of Labor Controversies.—But this whole comparison of costs is quite idle. In labor controversies to-day the question is only seldom as to advantages in the matter of money ; the chief cost consists in something entirely different from sacrifice in money. And much more important than the immediate advantages which strikes and lock-outs bring to one of the contending parties is the mediate gain which they bring to both parties, even to the vanquished. This chief gain consists in the experience acquired. The wounds which all strikes inflict upon both parties, even upon the victor, are too painful to allow those who have felt them to expose themselves to them again unnecessarily. Employers who have gone through strikes do not lightly seek to introduce innovations which are not indispensable, and only then do they seek to introduce them when the condition of the industry permits them to regard victory as probable. But in such cases the laborers make no objections, since they know that objections would be in vain. On the other hand, laborers who have tasted the deprivations of a strike make no more presumptuous demands, and desire better labor

stipulations only when the industry is increasing in prosperity. In the improvement of the industry they are sure of making good their demand, and therefore employers grant it immediately in such cases. Indeed, the stubborn conflicts which in separate industries have occurred, have had effects which extended far beyond the bounds of the respective industries and have made themselves felt to an equal extent in every branch of trade. Since they have taught employers in general what laborers were capable of accomplishing, they have caused them rather to make important concessions than to enter into conflict with them. Thus it happens that, even in industries which have never known a serious conflict, a mere request of the members of a trades union is sufficient to obtain from employers what is desired. Indeed, it cannot be a subject of doubt that the English laborers would not have found themselves in their present condition had they not, through the great deprivations to which they had subjected themselves rather than submit to unjust demands and renounce their independence, shown themselves as men commanding respect. But, without doubt, had not the trades unions of employers brought upon them defeat, they also would have become just as tyrannical as the employers frequently are.

If the chief merit of strikes and lock-outs consists in the knowledge which they have imparted to the opposing parties, namely, that it is impossible for each one of them alone and without consideration of the other party to fix the labor stipulations, we must consider it as a further practical proof of this effect that they have made the parties inclined to establish and recognize regulations which are intended to govern in common all labor stipulations. These regulations are the Courts of Arbitration and Agreement.

CHAPTER XVIII.

THE DEVELOPMENT OF THE LABOR CONTRACT.

AT the time of the degeneracy of the guilds there existed in many industries the regulation that the labor stipulations should be fixed by an authority consisting of two masters and two journeymen, or by the magistrate after the hearing of both parties. After masters and journeymen had been separated into two classes the participation of the journeymen in the regulation of the labor stipulations ceased, and wages were fixed by the guild masters or by the magistrates. In England, according to the Law of Apprentices of Elizabeth, justices of the peace and the magistrates of the city were to fix the rate of wages, and thus it remained also in the seventeenth century and at the beginning of the eighteenth. Only in the cotton factories, which were not subject to this law, do we find that, in the eighteenth century for seventy years, the labor stipulations were made to the entire satisfaction of all parties, by a committee consisting of trustworthy men selected from laborers and employers. But toward the end of the eighteenth century the employers obtained the superiority in all branches of industry. They alone fixed wages, and the Law of Apprentices was repealed. Since that time, from 1814 to 1860, the laborers of the various industries have repeatedly petitioned Parliament for a re-introduction of the regulation of wages by the justices of the peace, and

later for the appointment of boards of arbitrators, which, consisting of an equal number of employers and laborers, should periodically fix the terms of labor. But the employers, proud of their superiority, wished to know nothing of the joint action of the laborers in fixing the labor stipulations.

But theory favored the view that economic contracts, unlike all other contracts, are not subject to the influence of the human will, that they are purely physical phenomena, not subject to the influence of men, and that every expression of will is a hopeless attempt to change the immutable laws of nature. This theory declared all regulations of labor stipulations like those required by laborers impossible. Accordingly, Parliament passed over all these petitions to the regular order of the day. On the contrary, the trades union of laborers in the book-printing business had already in 1805 forced it from employers that a committee of eight employers and eight laborers should be appointed mutually to agree upon a price list, and, as if in scorn of this theory, there has existed in silence this arrangement in the printer's trade since 1805 to the entire satisfaction of all parties. But the year 1860 was for the first time to show in general the possibility of such a mutual regulation; let us hear upon this subject him to whom in this matter the just credit belongs—the manufacturer Mundella.

Mundella.—"Nottingham," so Mundella states on the fourth of July, 1868, "suffered perhaps more than any other centre of industry in Europe from the dissensions between capital and labor. These controversies form a part of the history of the county since 1810. Here Luddism (destruction of stocking-weaving frames) was prevalent, and laborers were here, on account of the destruction of machines, hanged by the half dozen at

once. In the stocking-weaving industry we found ourselves in a condition of chronic war. If one branch of the industry struck, the other nine or ten branches supported the one which struck. In the midst of a strike, which had continued three months, the proposition was made to lock out all the branches until the strikers were ready to yield. Some of us made objections to this. I opposed it, and two or three others did the same. We said : ' Let us pursue a better system to settle the question once for all.' We went to the laborers. We humbled ourselves, as some express themselves. We said to the laborers : ' We want to speak with you and see whether we cannot discover a better system. You spend, every one of you, one shilling or one shilling six pence a week to fight us ; let us try to ascertain what the prices ought to be.' I had obtained some general ideas of the establishment of the *Conseils des Prud'hommes* in France. We set these ideas to work ; although it required some years to bring the matter into the right channel, yet we were successful. During eight years we had not a single strike, and never in the history of our city and of our industry did there exist such a hearty good understanding between employers and laborers as now."

Mundella's Courts of Arbitration and Agreement.—But what is the better system which Mundella has introduced in order to solve the question, and which had such excellent effects ?

The Rules of the Courts of Arbitration and Agreement.

The best answer to this question is given in the short " Rules of the Courts of Arbitration and Agreement in the Stocking-Weaving and Glove Industry at Nottingham." They are as follows :

" 1. An industrial court shall be formed under the

name of Court of Arbitration and Agreement for the stocking-weaving and glove industry.

"2. The object of the said court shall be to decide upon every question relative to wages which may from time to time be brought before it by employers or laborers, and in a conciliatory manner to make its influence felt in order to settle every controversy which may arise.

"3. The court shall consist of nine employers and nine laborers. The laborers shall be selected in an assembly of the various branches of the industry, the employers in a general assembly of their class. All delegates shall be elected for a year and are eligible to re-election. Elections shall occur every year in the month of January.

"4. Every delegate shall attend the court invested with the full power of his branch. The decision of the court is binding for the branch which it represents.

"5. An investigating committee consisting of four members of the court shall investigate all cases which the secretaries bring before it, and make its influence felt in settling disputes. If it is not able to dispose of the matter brought before it, it shall be brought before the court and settled. Yet in no case can the committee pass final judgment. The committee is to be elected yearly.

"6. The court shall elect at its yearly meeting a president, vice-president, and two secretaries, who shall remain in office a year, and who are re-eligible.

"7. The court shall convene every three months to settle disputes, and on the first Monday in January, April, July, and October. Upon a request, which shows the nature of the matter to be investigated, signed by three members of the court, the president shall within

seven days call a meeting of its members. The circular which calls the assembly together shall state the nature of the matter to be considered, upon condition that this has first been brought before the investigating committee and has been left by it unsettled.

"8. All grievances which are laid before the court for investigation must be in writing. The nature of the grievance must be given as plainly as possible. This statement must be sent in at least a week before the meeting of the court.

"9. The president shall preside at the meetings of the court, and in his absence the vice-president. In the absence of both of these, a chairman shall be selected by the majority of those present. The president, vice-president, or chairman has the decisive vote in case of a tie.

"10. All expenses which the court occasions are to be borne equally by laborers and employers.

"11. No change and no addition to these statutes can be made, except at a quarter-yearly meeting or at a meeting which is called specially for this purpose. Every proposed change shall be announced in writing one month before the meeting."

For a more definite understanding of these statutes it must be mentioned that the stocking-weaving industry consists of several branches, of which each one furnishes a special product. Each one of these branches has its special laborers, who are employed only in it and not in other branches. The laborers of every branch have further their special trades union, and all trades unions in the stocking-weaving industry of Nottingham, Leicestershire, and Derbyshire form the United Society, the so-called Union of the Three Counties.

In order to lay stress upon the essential matter in this court of arbitration and agreement, it consists in this :

the laborers select in a general assembly of laborers in an industry, the employers in a general assembly of those belonging to their class, an equal number of representatives. These come together and form the court. In this court laborers and employers negotiate with each other upon the footing of perfect equality of rights, fix periodically for a limited time wages and all other labor conditions, and settle all labor controversies which are brought before them. Before labor disputes can be laid before the court for decision they must have been brought before a committee of reconciliation, consisting of four members of the court, and this committee not have been able to adjust them.

Rupert Kettle.—A few years after the origin of the "courts of arbitration and agreement," at Nottingham, a similar, if also in material points different, system of arbitration and agreement was called into life in Wolverhampton. And as the Nottingham system is connected with the name of Mundella, so this second system is connected with the name of Rupert Kettle, a judge of the county court of Worcestershire. In the spring of 1865, a strike was threatened in the building trades of Wolverhampton. The mayor called together a public meeting of the trade, in order to discover means for averting the strike. The carpenters and joiners accepted the invitation. An equal number of delegates of employers and laborers came together and elected Kettle chairman. He drew up some statutes, and after a lengthy discussion, these were adopted by the delegates of both parties. They were to take effect on the first of May, 1866. Since that time all employers in the building trades in Wolverhampton have subscribed to them. Hereupon also the plasterers, then the bricklayers, and later the stone-cutters all acceded to them.

In accordance with these statutes of Kettle also, an

equal number of delegates of employers and of laborers is to form a court, which shall decide all disputes, whether they rise out of a labor contract already made, or out of one to be made. Here also all labor differences must come before a smaller committee, for the purpose of an attempt at reconciliation, before they are laid before the court for its final decision. But in connection with this common trait in their essential character, there exists a fundamental difference between the system of Mundella and that of Rupert Kettle.

The system of Mundella is substantially a system of agreement. By frequent meetings of employers and laborers the breaking out of dissensions is to be avoided. Accordingly, Mundella says to us that all matters, as a rule, are settled without voting, by arguments and good will. Accordingly there is lacking in his statutes above quoted an impartial umpire or judge, who is to decide when the parties cannot come to an agreement. Accordingly these statutes contain no provisions relative to the execution of the judgment of the court. This submission is a matter of course, after the parties have once brought a matter before a court of agreement. The only means of compulsion that in the statutes of Mundella actuate to submission, is the pressure of one's own conscience and the pressure of public opinion.

Kettle's Courts of Arbitration and Agreement.—The system of Rupert Kettle is quite different. In drawing up his statutes Kettle directed his main argument to this point, namely, to make a contract binding upon both parties. Accordingly, in his courts of arbitration and agreement, in addition to the equal number of delegates, there is an impartial umpire who presides, and has the power in all cases in which it is not possible for the interested parties to come to an

agreement to decide. Accordingly, further, the stipulations which the laborer and employer who join an arbitration court, according to the Kettle system, enter into, contain the legal obligation of both parties, in all disputes arising out of a present labor contract or out of a contract to be entered into after the expiration of the present, to submit to the sentence either of the delegates or of the umpire. And in consequence of this, every decision of a court of arbitration which in other respects is not illegal can be enforced by the county courts.

Difference between the Two Systems.—Each one of these systems has its advantages. The system of Mundella, which recognizes no kind of compulsion to induce to subjection to the sentence of the court, so long as distrust between employers and laborers has not yet disappeared, will cause the introduction of courts of arbitration sooner than the other. Moreover, it is without doubt better that both parties unite than that their quarrel be decided by a third party. But how when both parties come to no agreement? In this case, says Mundella, the meeting is adjourned until an agreement is reached, but before that time many adjournments may be necessary, whilst the matter may require more speedy settlement.

But if it comes to voting, the chairman has the deciding vote. But is it not better that this deciding vote be given by an impartial than by an interested party? And how is it if ever one party does not willingly submit to the sentence of the court? Cases can occur in which the pressure of the public opinion is by no means sufficient to enforce this decision. Former similar attempts to settle labor disputes by courts of agreement have failed, after several years' duration, because a single employer would not submit. With the present relations

between employer and laborer, it is perfectly wise that both parties have perfect freedom to join a court of arbitration and agreement or to keep aloof from it. But it is senseless to bring a concrete case before a court for its decision, if the decision of the court is not to be binding. No one can deny that a party who has invoked the decision of a court is in honor bound to submit to its decision. No one, further, who regards the fulfilment of a duty as a matter of honor, can raise objections against compliance with the decision of the court. Through legal provisions, accordingly, the English legislature, at the instigation of Kettle, by the law of the 6th of August, 1872, has given courts of arbitration and agreement power to pronounce judgments binding in law (see this law in appendix).¹ In other respects in practice the difference between the Mundella and the Kettle system of courts of arbitration is not so great as might seem from their statutes. According to what has been quoted, it might seem that the whole centre of gravity of the Kettle system was the judgment pronounced by the umpire. But the umpire is only seldom compelled to give a decision. Kettle reports that in the tenth part of the cases in which he has officiated as umpire, he has not found it necessary to decide. The presence of an impartial umpire who presides at the discussions to make objections when he deems it necessary, and the consciousness that he must finally decide, if the interested parties do not come to an agreement, has the tendency to bring, and as a rule the effect of bringing, the contending parties to an agreement.

Thus, as the courts of arbitration of Kettle in practice have, as a matter of fact, become more courts of

¹ In this edition intended for popular use the appendix has been omitted.

agreement, so, on the other hand, the courts of agreement of Mundella have approached the system of Kettle, in that they in most cases elect an impartial umpire who, in case of a tie vote, must give the decisive vote, instead of the presiding employer or laborer. Aside from the legal actionableness there exists, accordingly, practically not so great difference as one might suppose from their statutes; and since both parties under each system always submit to the decisions of the court, the difference in their statutes appears not in practice.

The Trades Unions and the Courts of Arbitration.—But as the trades unions originated for the purpose of realizing for the laborers their joint action legally belonging to them in fixing the labor stipulations, as they were continually petitioning Parliament for regulations in which laborers in fixing these stipulations might negotiate on an equal footing with employers, they have hailed with joy the realization of their wishes in the courts of arbitration and agreement of Mundella and Kettle, and according to the express testimony of each one of these men, the organization of courts of arbitration rests, as far as the laboring class is concerned, solely upon the trades unions. The election of the labor delegates is their affair. In the stocking-weaving industry at Nottingham, as Mundella relates, the labor delegates are elected exclusively from the trades unions. In all other industries and in all other places only the call of the general assembly of laborers, from which the delegates are elected, is the affair of the trades unions; but since the trades unions include the mass of laborers engaged in an industry, the officers of the trades unions are always elected delegates by these assemblies. In the iron industry in the north of England, the connection between

trades unions and the courts of arbitration is so intimate that according to Section 6 of the Statutes of the United National Society of the Forge Iron-Workers, the labor delegates for the time being in the courts of arbitration are the *ex officio* general executive committee of the trades union, not the reverse. The trades unions further pay the laborers' share of the expenses of the courts of arbitration. And finally, according to the judgment of Mundella, as well as that of Kettle, it is the trades unions upon which the observance of the decisions of the court on the side of laborers rests. It is they upon whom the courts depend for the execution of their judgments, and alone can depend ; and, as Kettle says, the trades-union laborers who would not obey the sentence of the court would be expelled from their midst.

Similarly the courts of arbitration, so far as the employers are concerned, where these have formed special societies, rest upon these societies, but frequently the existence of a court of arbitration has led the employers for the first time to the organization of a society. As over against established firms, as a matter of course, the court of arbitration needs a society of employers less than as over against more or less unsettled laborers a union of laborers is required ; for it is easy for the court to support itself immediately upon each individual firm in order to insure the payment of its expenses.

Efficacy of the Courts of Arbitration.—Thus for the first time in the stocking-weaving business at Nottingham, and in the building trades at Wolverhampton, in place of the organized conflict between employers and laborers, a system has been inaugurated which permanently organizes peace, which transforms the organization for conflict itself, which distress had created for resistance, into the solidest support of peace. And from

those industries at Nottingham and Wolverhampton since that time the organization of peace has extended from industry to industry and from city to city, until the system has been adopted in a greater or less degree in most of the important centres of British industry. But everywhere, where in an industry a court of arbitration according to one or the other of the two systems has been established, there has been since that time neither a strike nor a lock-out.

Success of the Courts of Arbitration.—Adherents of the economic doctrine according to which an adjustment by courts of arbitration is impossible have lately sought to contradict this grand success in order to rescue their doctrine from contempt. At first they point to the still frequent strikes and lock-outs in individual industries in England as a counter proof. But the cause of these labor conflicts was this, that employers in the respective industries had not yet been willing to condescend to the establishment of courts of arbitration. Exactly because in these industries there was as yet no such court, those conflicts have arisen. Further, they have maintained that in the lace-weaving industry at Nottingham, the seat of the Mundella reform, a conflict broke out in 1873 in which the decisions of the court of arbitration were rejected by the laborers. But this is a totally false representation of the transaction in question. No decisions of a court in controversies between employers and laborers were rejected. There was a split in the trades union which had elected the labor delegates to the court; the secessionists formed a new union; this would not recognize as such the labor delegates chosen by the old trades union, and demanded a new election. Wherefore a wrangle among the laborers, but not a quarrel of laborers with employers. None of the two labor parties

thought a moment of giving up the principle of courts of arbitration.

Thus no example of bad success of the Mundella and Kettle courts of arbitration can be found. Whilst under the approbation of employers and laborers they have been making their triumphal entrance into one industry after another, and their introduction is the subject-matter of a violent contest in an industry, in England no single case has occurred in which they have been again given up after they were once introduced, no single case in which their sentences have not been observed. But everywhere where they exist, the most friendly relations between employers and laborers have taken the place of the bitterness and hatred with which they were formerly regarded. There is nothing, to use an expression of Dr. Chalmers with reference to the repeal of the Corn Laws, which has contributed so much and is so well calculated to sweeten the life of English society as the abandonment of the attempt on the part of the employers to maintain their authority over laborers as a matter of fact, which for a long time they have not possessed as a matter of law, and the loyal recognition of the equal rights of the seller and the buyer of labor in the formation of the labor contract. Wages and all other labor stipulations whose establishment formerly led to such bitter conflicts are now periodically fixed by representatives of both parties. It is seldom that in this adjustment the demands of the one or the other party unchanged come to assertion. As a rule, some of the demands of both parties are rejected. It is true indeed for the most part that the views of laborers prevail more than those of employers. But where this is not the case, even where a court once decrees a lowering of wages or a lengthening of the day's work, the laborers who

formerly withstood every impairment of the labor stipulations now willingly submit to every decree of the representatives of both parties. .

And whilst in this way the fundamental principle of the law of to-day, namely, the equal right of laborers and employers in the formation of the labor contract, is realized, regulations return similar to those which, at the time when there was as yet no inequality in the rights of master and journeyman, existed in the guilds.

CHAPTER XIX.

RETROSPECT.

LET us now cast a look backwards at the progress which the English laboring classes have made in the nineteenth century.

We have seen that at the beginning of the century the legal equality of all classes of society was assumed, and with this also the legal equality of employers and laborers was claimed in theory, and was recognized as a fundamental principle by the legislature. We have further seen that all innovations in the spheres of political economy, law, and politics proceeded from the idea of the rights of all classes of society to a participation in the blessings of civilization. We have also seen that the simple demolition of the old legal barriers which had formerly separated the classes of society was neither adequate to realize the legal equality of employers and laborers nor to secure to the poor a participation in civilization and its progress; that after the removal of the difference in rights, the difference in wealth made itself felt all the more powerfully, and society was not only on the point of being split into two classes, but those belonging to one people into two nations.

Present Condition of English Laborers.—To-day we see the advantages which the destruction of the old legal barriers separating the classes of society promised, realized. The road which with this was

opened for the talented and for those who were strong through wealth, to-day also still stands open and just, as in the course of this century the economically most capable have elevated themselves in great numbers out of the lowest strata of society to the highest power and respectability, such a rise may still occur to-day. To this a new way in the matter of association has been opened for the select few who unite with excellent economic endowments also high intellectual and moral endowments ; for if the productive associations have not reached the object which floated before the eyes of their founders and never will reach it, yet they have facilitated the rise of a number of capable men. But before all, the realization of the demands made at the beginning of the century has been made possible for the mass of laborers endowed with average capabilities. There, where unlimited freedom led to such physical, moral, and intellectual wretchedness of women and children, that a permanent degeneration of the human race was threatened, factory legislation has effected so great marvels that even Karl Marx, whose battle-cry was formerly the impossibility of all improvement of the relations of labor under the social organization of to-day, speaks of the "physical and moral regeneration" of laborers through factory legislation. Moreover, in other respects, as we have seen, English legislation intermeddles everywhere for the benefit of laborers where their own power is not sufficient to guard their interests. But the adult male laborers, whom English legislation has referred and still refers to their own self-help for the improvement of their condition, have by means of their trades unions made not only the same, but even greater, progress than that which factory legislation has secured for women and non-adult laborers, and by this again has legislation in-

cited to further progress for the benefit of these protected persons. The trades unions have further procured for laborers influence upon the rate of wages and other labor stipulations, have elevated the standard of living of English laborers, have made their incomes adequate, their lives regular and secure, and by a judicious limitation of the day's work have determined where the day of the employer shall end and that of the laborer begin. The trades unions have realized the equality existing in law of laborers and employers in the formation of the labor contract, and materially contributed to the recognition of this equality now also on the part of the employers in the courts of arbitration and agreement.

Through these new organizations it has thus been made possible for the laborer endowed with only average capabilities, instead of being a mere machine or a mere laboring animal, to be a man. Through these the mass of laborers have procured the power to fulfil their domestic, social, and political duties and to acquire for themselves a share in the progress of civilization. Now for the first time the way to these advantages stands open to every one who desires them, and now for the first time is every individual responsible for the degree in which he participates in the blessings of civilization.

But by what result has it been accompanied that the power was guaranteed to each one to take part in the progress of civilization? Before all, those who have elevated themselves out of the class of laborers to the class of employers have become much better educated than they were in the first years of this century. Whilst the educated Englishman at that time did not yet recognize the manufacturer as a *gentleman* in spite of all his wealth, since that time employers have in a high degree become conscious of the duties to the community

which their wealth has laid upon them. And this progress of employers has become indeed a not unimportant factor in the higher elevation of laborers. In a grand way the higher classes of English society have endeavored by voluntary activity to meet the needs of laborers. Especially have they been solicitous to diffuse refinement and morality among the laboring ranks. They have at last aroused themselves out of the Pharisaical shaking of the head at the crudeness of laborers to an active recognition, that an uncultivated field must necessarily produce weeds; and now we find in England members of all the educated orders, even up to the ministerial department, who give to laborers in evening schools and Sunday schools regular instruction, from the most elementary branches up to the knowledge which formerly was acquired only at universities, and who know especially how to awaken the love and interest of laborers in their native land.

By this great economic, moral, intellectual, and political progress, whose statement in detail no one can read in the excellent work of Ludlow and Jones without great satisfaction, it has also been effected that to-day, when by the parliamentary reform of 1867 the chief demand of the people's charter, the recognition of the political equal rights of the laboring classes by conferring upon them the right of suffrage, has been substantially granted, none of the effects dreaded at that time have occurred. The old Chartist spirit has just died out. Indeed, the English laboring class, like every other class of society, recognizes still special class interests and strives to send to Parliament representatives of the same. But against this no more objection can be raised than against similar efforts on the part of the wealthy. The chief matter is that the efforts of all Eng-

lish laborers of to-day are in harmony with the existing social and political order, that in England to-day there is no party which seeks to take possession of the power of the state on the part of the laboring classes in order through the power of the state to transform society in their interest. Wherefore the Internationals, whose object this is, are in England entirely without influence. As over against the social democrats and the feudal socialists who continually deny this in spite of all the testimony brought to sustain it, since its acknowledgment would be detrimental to their efforts, it is sufficient to point to the treatment which the emissaries of the Internationals have hitherto constantly received at the English trades-unions congresses. On the contrary the whole attitude of the English laboring classes during the last reform agitation and toward the Liberal ministry following upon this agitation, and even the activity of special labor representatives in Parliament, show that there is to-day no longer in England a separate political labor party, and whilst formerly the leader of the Chartists could with perfect justice say, "Pride of country is a feeling totally foreign to the English laborer"; whilst Frederick Engels in 1845 with perfect justice could write, "The English feeling of nationality is annihilated in the laborer," the testimony of all those in whom the English laboring classes confide harmonizes in this, namely, that these words, formerly true, to-day are wholly inapt; that to-day the same national consciousness permeates all English classes of society.

Indeed, he who considers attentively the progress of the English laboring classes in economic, political, moral, and intellectual relations, and the manifold efforts for their further salvation, will agree with the judgment of Gladstone: the nineteenth century is the era of the

laboring class. Indeed, for the first time the best situated strata of the laboring class really take part in this progress, and it is possible, indeed there are shown here and there, where the laborers of an industry have accomplished most, already indications that after the highest strata of the laboring classes have achieved participation in the blessings of civilization a discontented fifth estate will take the place of the contented fourth estate. The English laboring classes to-day are by no means a harmonious mass with absolutely like interests. But this can not disquiet but only rejoice us. For the course of history thus far permits us to hope with confidence that out of the new conflicts, if such are to rise, there will come only the summons of a new and greater number to a participation in the blessings of civilization.

BOOK II.

ECONOMIC PRINCIPLES OF THE LABOR
QUESTION.

ECONOMIC PRINCIPLES OF THE LABOR QUESTION.

CHAPTER I.

LABORERS AND THE ECONOMIC DEVELOPMENT.

THE labor question rose, as has been stated in the first book, about the middle of the fourteenth century with the origin of a special laboring class. We have in the preceding pages followed its gradual development through the succeeding centuries. We have seen how, at last, it arrived at a crisis in consequence of the grand innovations which, since the end of the eighteenth century, have transformed government and society. The equal right of all classes of society to a participation in civilization and its progress has been recognized since the end of that century by the public opinion of all civilized countries. The fundamental conception controlling our whole modern life—namely, that labor is a commodity like other commodities, and the laborer a seller of a commodity—was only a consequence of this. For with this the personal freedom of laborers and the legal equality of laborer and employer was made the fundamental principle in the government of labor relations. And whilst with the proclamation of the personal freedom and legal equality of the laborer the claim of this fundamental conception was met, it was believed that with this simple proclamation the conditions were ful-

filled which were necessary in order that every one might realize his recognized right to a participation in the progress of civilization. But entirely the opposite of this has been the development, as a matter of fact. The gulf between wealth and poverty became wider ; culture became a monopoly of the wealthy ; the poor were crushed down to a stage of refinement lower than before. Instead of the expected progress of all classes of society to a higher civilization, a continually increasing difference even in their possible participation in the same showed itself. But the laborers, the more keenly they feel the contradiction between their claims to a participation in the social progress which were recognized by the age as absolutely belonging to them and this reality, insist all the more vehemently upon the removal of this contradiction by a change of the social relations which cause it.

Accordingly, if the labor question is by no means exhausted in the question of the amount and security of income and length of the day's work, economic relations are the cause that to-day, after the ensuing recognition, on the part of the legislature, of the personal freedom of the laborer and of the legal equality of laborer and employer, a labor question still exists. But what are the economic peculiarities of the laboring class which cause their exclusion from civilization and its progress ? With the continuance of the social and political order of to-day, with inequality of wealth, and with consequent preponderating political influence of the wealthy, are there no means by which these effects of the economic peculiarities of the laboring class can be paralyzed ?

Lassalle's Iron Law of Wages.—Lassalle has given a well-known answer to the questions here proposed, and the answer is the centre of the whole social

democratic agitation: "The limitation of the average wages of labor to the necessities of life requisite among a people, according to custom, for the prolongation of the existence of the individual and for the perpetuation of the species—this is," thus he writes, "the iron and cruel law which controls the wages of labor under the relations of to-day." And a few lines below he indicates the effects of this law in the following manner:

"From the proceeds of production so much is taken and distributed among laborers in the form of wages as is requisite for the perpetuation of life.

"The entire surplus of production—the proceeds of labor—falls to the employer.

"It is therefore a consequence of this iron and cruel law that the laborers are necessarily excluded even from the productiveness increased by the progress of civilization—that is, from the increased proceeds of labor, from the increased productiveness of their own labor. For the laborers always the necessities of life, for the employers always all which is produced by labor over and above these."

Indeed, it may be true, he continues farther on, that the necessary minimum for living, and with this the conditions of the laboring classes compared with each other in different ages, have been somewhat elevated. But, even supposing this to be the case, suppose that the general level of the necessities of life at various times has been somewhat elevated, that formerly unrecognized gratifications have become customary needs—the human condition of the laborer has always at these various eras remained the same, always this: always to dance round under the lowest rim of the necessities of life customarily requisite in every age, to stand now a little above this, now a little below it—this never changes!

Let us investigate what is true in this deduction, what false. Before all, let us determine exactly what Lassalle means by this.

The first thing he says is, that the average wages of labor are limited to the necessities of life requisite among a people, according to custom, for the maintenance of the existence of the individual and for the perpetuation of the species; that wages cannot for any length of time rise above this nor sink below it.

Price and the Cost of Production.—Has Lassalle with this taught any thing new or false? This has been foolishly asserted. But we find the same doctrine in all considerable political economists since Turgot. The doctrine is very frequently connected with the name of Ricardo. Ricardo taught that the price of every commodity in the long run is determined by its cost of production. He teaches that the price cannot for any length of time rise above the cost of production, since otherwise the producers of the commodity would make more than the general rate of profit; their competition in consequence of this would be increased, until the greater supply of commodities would again lower the price to the former level. In the same way the price cannot for a long time sink below the cost of production, otherwise the supply of the commodities would be diminished until the price increased by this would again cover the cost of production. The price of every commodity oscillates continually around the cost of production.

The Cost of Production of Labor.—This doctrine, which Ricardo has laid down for the price of all commodities, he has also applied to the commodity—labor. Wages, he says, in the long run adjust themselves to the cost of production of labor; under this

cost of production is to be understood the maintenance of life which among a people according to custom is requisite for the perpetuation of the existence of the individual and for the propagation of the species. Wages cannot permanently rise above this average, for otherwise there would come into existence through the easier, better condition of the laborer, an increase of the laboring population, and with this, of the supply of labor, which would again lower wages below their former rate. Moreover, the wages of labor cannot permanently fall below this necessary maintenance of life, for then would want and wretchedness diminish the number of laborers, and with this the supply of labor, and thus bring the wages of labor back again to their former stand-point.

Wherefore, all political economists who recognize the correctness of this doctrine—that is, all political economists of scientific importance—recommend to laborers to diminish the supply of labor through emigration, celibacy, and through abstinence from the begetting of children. If the income of laborers amounts to more than what is necessary at any time for the satisfaction of the needs of life, they must expend this surplus for the purpose of increasing and satisfying their needs, rather than for the establishment of families. Wherefore these political economists are great panegyrists of the increase of luxury among the laboring classes which in common life has always been despised. In this diminution of the number of laborers, and in this increase of their necessary needs, in their standard of living, they see the only hope of the laboring classes. For only by this is it possible for laborers to increase the cost of the production of labor, and, accordingly, to keep step and to make progress with progressive civilization.

Accordingly, all considerable political economists teach, with Lassalle, that wages are adjusted in the long run according to that which among a people is customarily requisite for the perpetuation of life and for the propagation of the species, according to the standard of living of a people. But they consider it possible to elevate this standard of living, and recommend laborers to make use of the means.

The Peculiarity of the Law of Wages.—A second assertion contained in the above deduction of Lassalle we must make prominent, namely, that it is something cruel that the income of laborers should always dance round the outside rim of that which, according to the needs of each age, belongs to the necessary maintenance of life. In this, says Lassalle, is the terrible in their fate compared with the condition of their fellow-men.

But in this there is neither any thing horrible nor peculiar to the laboring classes. Nothing peculiar to the laboring classes, for there are only a very few men whose income exceeds their needs. If the income increases, their needs immediately increase, their standard of living immediately rises, and the various classes of income in society form also classes with correspondingly various standards of living. If the income of those belonging to these classes of society is diminished, they sink into a lower class, and their life becomes dissatisfied. In this respect the difference between laborers and the other classes of society is only this, namely, that the standard of living of the latter is higher than that of the former. But the standard of living of the laboring classes, indeed, is not to-day the absolutely lowest; and, as even F. A. Lange acknowledges, a much more trifling injury to the comfort of the

higher social classes produces a relatively more important disturbance, whilst to the laborer living in comparative indigence, a much worse deprivation causes no such feeling of unhappiness.

"Cruelty" of the Law of Wages.—Just as little is there any thing cruel in that the income and the needs of laborers are always about equal, and still less in this, that when the income is increased their needs are also increased, so that in spite of the increase of income it only amounts to as much as the needs. On the contrary, it is worse if an income sinks below what is indispensable, since then deprivations become necessary. The members of all classes of society suffer off and on sensibly under such deprivations. But with the elevation of the standard of living of the laboring classes of to-day this can only then be called terrible when they are not able under the social order of the day to effect a new elevation of their income up to the height of their standard of living, when, as a matter of fact, their income can only be raised higher by a diminution of their numbers by want and wretchedness.

The Law of Wages and Progress.—Finally, in the third place, Lassalle maintains, in consequence of the law that the wages of labor always oscillate about the standard of living of the laborer, that laborers are excluded even from their own labor's productiveness increased by the progress of civilization.

But this is not correct. This would only be true if that law made it impossible for laborers to elevate their standard of living with this productivity increased by a progressive civilization. If laborers are able in the society of to-day to elevate their standard of living, they obtain in this elevation—just as is the case with all other social classes—participation in the progress of civiliza-

tion. The proposition that the wages of labor always tend to adjust themselves to the standard of living is, accordingly, instead of a hindrance, the means for reaching this participation.

It becomes evident, therefore, that Lassalle's answer as to the economic peculiarities of the laboring classes, which exclude them from a participation in civilization and its progress, is by no means satisfactory. Not in the law that wages adapt themselves to the standard of living, is there any thing cruel or terror-inspiring. This law does not deprive the laborers of their participation in the blessings of civilization. It is not proved with the statement that, under the continuance of the relations of production of to-day, it is not possible to set aside this law, that with these relations of production no improvement of the condition of laborers is possible, and that, therefore, the social and political order of to-day should be set aside.

If Lassalle wished to discover the special economic disadvantages of the laboring classes, he ought to have shown that it is impossible for laborers, under the social order of to-day, to keep up their standard of living and to elevate it, and that for this purpose there are no other means than wretchedness and the dying off in large numbers of the laboring population. Had he wished to prove the necessity of a social and political revolution, in order that laborers might not eternally remain disinherited, he ought to have shown that it is not possible for them, under the social and political order of to-day, by the elevation of their standard of living to maintain their former participation in civilization and its progress, to say nothing of increasing it. He has done nothing of the kind, and could do nothing.

CHAPTER II.

LABOR AS A COMMODITY.

THE economic principles of the labor question, accordingly, are not to be found in this, namely, that the wages of labor, like the price of other commodities, oscillate about their cost of production; not in this, further, that labor, according to the modern view, is regarded and treated as a commodity. On the contrary, they consist in this, that labor is not like other commodities in every relation; in this, that the laborer is not in the condition of the seller of other commodities. An investigation into the character of the commodity labor will prove this.

But, before all, is labor a commodity at all? This is frequently denied with great moral indignation. But entirely incorrectly. For what is a commodity? The laborer obligates himself to a certain activity for the benefit of the employer, and the employer obligates himself to make payment. Both performance and counter-performance have their price, they are exchanged against each other; the employer buys the labor and sells his counter-performance; the laborer buys the counter-performance of the employer and sells his labor; labor, like counter-performance, is, accordingly, a commodity.

The Peculiarity of Labor as a Commodity.—But if against this no decisive objection can be made,

yet there lies at the bottom of this protest, which is made by so many able men from the most various points of view against the designation of labor as a commodity, a concealed truth. If labor is undoubtedly a commodity, with this the possibility is not excluded that as a commodity it may have special peculiarities ; and it has important differences, weighty differences, which distinguish it from all other commodities.

What is labor? The employment of the power to labor. But the power to labor is nothing else than the man himself, in so far as he employs body, mind, and heart,—for all three must co-operate in every kind of work,—for the acquisition of economic goods ; labor is, accordingly, nothing else than the use of the man himself

Out of this springs an important difference between labor and all other commodities. But this difference consists, not indeed as Thornton has maintained in this, namely, that every minute in which the power to labor is used is irreparably lost, and in the time in which labor might have been performed, but is not, the labor is also lost ; that, accordingly, labor as a product of time cannot be preserved. But if this discriminates labor from most commodities, yet it has this peculiarity, in common with the use of every thing, as, for example, with the use of houses or horses. The difference between labor and all other commodities is much more important. In order to find this we must compare labor with the use of capital, which has the greatest similarity to labor.

If one considers the use of capital, it immediately becomes evident that it is so intimately and inseparably connected with capital, that the fate of capital is completely determined by that of its use—indeed, that this use is not even possible without perfect control over

capital. The same is true of the relation between labor and the power to labor. Whoever sells labor to another, by this hires out to him the control over the power to labor. But only so far are labor and the use of capital like each other. And now begins their difference. Capital, whose use is a commodity, is something entirely separate from its possessor ; it is, in the first place, produced arbitrarily by him who possesses it or by his predecessors in possession, in order to serve specific ends, and the possessor is therefore responsible for the existence of the thing used and for offering the use of the same.

It is entirely different with the power to work ; it is not a commodity—it is nothing else than the man himself ; it is not arbitrarily produced by its possessor, and he is not himself responsible for its existence ; both come into the world together as an inseparable unity and independently of his own will, and the man comes into the world not for purposes outside of himself, but he is an end unto himself. In this, accordingly, that in the one case the seller himself is something different from the thing used—whose use is sold,—in this, that the thing used, the capital, is itself a commodity : in this, that in the other case, the seller himself is identical with the thing used, whose use he sells, in this, that this thing used is not a commodity but an end unto itself and the centre of the whole economic system,—in this lies the entire difference between labor and other commodities, and a very momentous difference it is. For, indeed, every one who buys the use of any thing necessarily obtains control over the thing affording the use ; the buyer of labor by his purchase acquires also authority over the power to labor—that is, over the whole man ; accordingly, power also over his capability of enjoyment

and the usufruct of the same—that is, over his physical, intellectual, moral, and social existence.

The Laborer as a Seller of a Commodity.—In the absolute inseparability of labor from the person of its seller, accordingly, consists the essential characteristic by which labor is distinguished from all other commodities. But aside from this peculiarity of the commodity labor there is regularly found a peculiarity connected with his person, which, if it does not also belong to labor, facilitates the introduction of the effects connected with its peculiarity as a commodity and even reinforces these effects. As a rule the laborer is poor. He has nothing to sustain life except the sale of his labor. If there are also times for the seller of other commodities in which extraordinary circumstances, as, for example, the maturity of obligations, may force to unconditional sales, Thornton is right when he designates the laborer as perpetually in the condition of a bankrupt who must sell at any price. Accordingly, the laborer must be satisfied with any wages whatever and with any labor stipulations, and with these, with every kind of control over himself.

These two characteristics of labor as a commodity and of the laborer as a seller of a commodity, the inseparable connection of labor with the person of its seller, and his uniform poverty, are of the most decisive ethical and economic consequences. A comparison of the laborer with the seller of other commodities will show this most conclusively.

CHAPTER III.

ETHICAL CONSEQUENCES OF THE PECULIARITY OF THE COMMODITY LABOR

IF we consider the seller of other commodities than labor it becomes evident, that in consequence of the absolute independence of his person upon his commodity, he does not necessarily come into any personal relation with the buyer. He can employ others to conduct the sale. But if he comes into personal relations with the buyer, these relations are not permanent. The same is the case in selling the use of capital. Here also the relation of seller and buyer is only momentary. Both come together; the price is paid; the purchaser takes possession of the object to be used; but with this the relation to the person of the purchaser is ended.

It is entirely different with the seller of labor. He is nothing else than the object whose use he sells; whoever purchases this use also takes possession of his person and determines what he shall do and abstain from doing. This relation further is not for a moment; in the majority of cases it is at least for days; regularly for weeks; for the most part it requires a week's notice to quit, in order to put an end to it; sometimes it is for a year. But this leading distinction between the laborer and the sellers of other commodities, namely, dependence of his person upon the purchaser, makes itself felt first in that the purchaser determines the place of residence of the

laborer, and secondly, in that he determines the manner in which he shall employ his time.

The Sale of Labor and the Residence of the Laborer.—The seller of every other commodity, as Harrison has correctly made emphatic, can sell without being at the place in which his commodities are. Even in retail trade, where purchases are made by the pennies' worth, it is not necessary that the proprietor be present at the sale of his commodities. The manufacturer and wholesale merchant send samples of their goods through the post-office, and drummers, sitting quietly at home, make sales in a hundred different cities at once.

But where the merchant personally makes every sale he waits for his customers, not they for him, the crowd passing by makes unnecessary for him the conveyance of his goods from one place to another. In selling his goods he is left free to select his place of residence and his society and surroundings ; not so with the seller of labor. Inseparable from his goods he cannot sell by sample. Since he needs a purchaser of his labor more than the purchaser needs him, the buyer does not knock at the door to ask for his goods. He must personally resort everywhere in order to offer them, and when he has found a purchaser for the use of his power to labor he must follow this purchaser personally to the place at which this his commodity is required ; the place of the use of his power to labor is also the place of residence of his person. But the authority which he who determines this place exercises over the whole being of the laborer is extraordinary. Examples will show this.

Determination of the Residence of the Laborer.—Let us suppose that an iron mine is opened and furnaces established in a place where there are no dwellings that can be rented by the laborer, and no stores at

which he can trade except those of the owners of the mine. The "cottage system" and the "truck system" here become indispensable. How far these systems will then be developed depends upon the will of the employer. But suppose the employer to be a man of the best character, that he does not employ these systems to the injury of his workmen, yet he has an enormous power over the laborers which may be abused on occasions. Let us suppose that he pays his men in money, that he builds for them good houses, which he rents at reasonable prices, and that the baker and butcher and store-keeper furnish only excellent wares. Let us suppose that a contest rises between the employer and his laborers, because the latter, in consequence of the changed conditions of the market, demand higher wages. And let us further suppose that the laborers are in the right. In such a case where all the stores, butcher-shops, bakeries, and dwellings are the property of the employer, the workmen have little prospect of success in case of a strike. A few strokes of the pen may deprive them of food and shelter. Such cases have occurred. But suppose the workmen own their homes, if they cannot find work they must sell and move; this brings heavy losses to themselves and their families.

Determination of the Place of Work.—The connection of the laborer with his commodity determines not only the general place of his abode but the definite spot of his home. He must frequently live in badly ventilated houses filled with the germs of diseases.

Determination of the Surroundings of the Laborer.—Finally with the place of work at the same time is determined the surroundings of the laborer; this determines by the side of whom he shall work. And this determination is for him of the greatest conse-

quence ; the unskilfulness or negligence of his fellow-workmen may hinder or destroy his work and lower his wages. Their inexperience may endanger his life or limb. Thus, for example, a great part of the explosions which took place in the English coal mines between 1863 and 1867 have been attributable to the negligence of laborers who at the time of an increasing demand were newly introduced into the coal mines without respect to their capabilities.

But finally this determination of the surroundings of the laborer, as Adam Smith has already remarked, places him just as readily by the side of the vicious as by the side of the good. What danger to morals the inseparability of seller and commodity brings with it in this way becomes evident. Let one only think of a youthful laborer at the side of a scoundrel who has grown up covered all over with vices. The English Blue Books upon the condition of the factory operatives before the enactment of the factory laws, upon the employment of women in mines and in the *Agricultural Gangs*, further the reports upon labor conditions in the mines of Belgium, all give frightful detailed accounts of the consequences to the morals of the laborers.

The Sale of Labor and the Disposal of Time.—

But the peculiarity of labor as a commodity shows itself further in its special effects upon the employment of the sellers' time. Since the seller of every other commodity has not necessarily to be present at its sale, he has, as a matter of course, the perfectly free disposal of his time and can employ it as he pleases. This free disposal of his time he still has in case he conducts the sale personally, and Schmoller has correctly explained from this the strong impulse to engage in retail trade ; for to live from a little store is the most comfortable of employments ; without

special industry, without labor, the man sits behind his counter, often for hours, smoking cigars and reading the papers. Since he comes into no permanent but only into a momentary relation with separate purchasers, since he daily sells to a number, and every single purchaser stands more in need of the single seller than the reverse, he has it entirely in his power to determine the length of the time of sale. Indeed he may possibly make fewer sales in the shorter time, but not necessarily, as the results of the "English early-closing movement" show. He has it always at his discretion, however, either to sell, or to take care of his health, or to educate himself morally and spiritually, or to fulfil his political, social, and domestic duties, in short, to enjoy his existence as a human being.

The case of the laborer is entirely different. So long as he is engaged in selling his goods he is bound bodily and spiritually ; and in order to sell at all, he must sell for a time of considerable length.

The determination of this time, however, the determination as to how many hours he shall work, whether overtime or in the night, determines likewise his physical exhaustion ; this determines whether he can use the opportunities that are given him for his intellectual, moral, and spiritual education, or whether he shall seek the recuperation of his tired, over-exercised body in wild revelry and dissipation ; it determines further the domestic life of the laborer, his care for the education of his children, the fulfilment of his political duties ; in short, it determines his whole life.

The difference between labor and other commodities, as this discussion shows, have far-reaching ethical consequences for its seller. The purchase of labor gives, at the same time, an authority over the entire person of the

laborer. This comes from the peculiar nature of labor as a commodity, and to change any thing in this relation is something once for all impossible. Wherefore it is of the highest moment who shall fix the labor stipulations: for he who fixes the terms in the sale of labor determines the degree and the kind of authority over the entire existence of the laborer.

CHAPTER IV.

ECONOMIC DISADVANTAGES IN THE SALE OF LABOR.

IN addition to the ethical consequences just discussed, the inseparable union of labor with the person of its seller and his regular poverty have the effect of depriving the laborer standing alone of all influence upon the stipulations in its sale. This is true as well in the fixing of these stipulations in individual cases as with reference to the regulation of those relations upon which it depends whether he shall in future be able to exercise a greater influence in these stipulations.

The chief cause of the little influence of the laborer standing alone in the determination of the sale of his commodity is this, that in consequence of his poverty he has, as a rule, nothing from which he can live except the sale of his labor. Every seller of other wares is rich in comparison with him. The circumstance that he is a seller of other commodities than labor shows his relative wealth. For since the power to labor is identical with the man himself, every seller has, in addition to what every laborer possesses, a quantity of goods for exchange. He therefore never finds himself in the condition of being obliged to choose between selling his goods at any price and starvation. Aside from the case in which he is compelled to sell at any price for the purpose of meeting his obligations, his relative wealth and the absence of any connection of his person with his goods enable

him to seek a better market for them in place or in time—that is, he can easily send his goods away to another market or keep them to be sold at a future time; perhaps the diminution in the supply effected thereby will prevent a further shrinkage in prices and cause a higher price to be paid for the smaller amount of goods sold than an unconditioned sale of all goods on hand would have effected. The sellers of other commodities have it, accordingly, always in their power to adapt the supply to the demand, and therefore not only not to sell under a certain price, but also to sell much or little of their commodities.

Unreserved Offer of the Seller of Labor.—The isolated laborer is, on the contrary, compelled to a continual sale for the maintenance of his life. Or shall he keep his goods for a better market in the future? From what shall he live whilst he is waiting for a rise in prices? Shall he try whether or not he can find a better purchaser for his goods? Who is to furnish him the means to look up this place, and what will become of his family if he separates from them? There remains for him nothing but submission to the conditions which are offered him. The employer, however, fixes these conditions. It is he who alone determines the price of the commodity labor. And the employer determines not only this price, but determines also whether the laborer shall receive this price in money or commodities, whether he shall spend it where he pleases or in the store or saloon of the employer; he determines how long a time the laborer shall work for this price, in what workshop, and by the side of what kind of companions. The same compulsion which determines the price which the laborer receives determines all the other conditions in the sale of labor. Whilst the seller of other wares, extraordinary cases

excepted, never offers his goods for sale unconditionally; the offer of the laborer standing alone is always without reservation, and it excites indignation when the accomplished representative of employers in the English Commission for the Investigation of Trades Unions to the demand for increased mine inspection, founded upon the proof of frightful cases of accident, replied: "Is it not at the pleasure of the miners whether they go into the mines or not?"

"Certainly," replied the witness, "but it is not at their pleasure not to starve if they do not go into the mines."

The Supply of Labor in Case of a Falling Demand.—But the unreserved supply of labor on the part of laborers coming forward alone has not only the effect that they are compelled at any given time in the formation of the labor contract to conform to the conditions of the employer; it also disables them in case of a falling market, like the sellers of other goods, from diminishing their supply, in order to keep the price of their wares up and to raise it still higher.

How the seller of other goods diminishes his supply with a falling demand has just been touched upon. But how can the laborer standing alone, whose commodity is inseparably connected with his person and whom as long as he lives necessity compels to offer it in the market, diminish the supply of his goods? With a sinking demand, instead of fewer sellers than formerly coming to market, the competition of laborers in the market is necessarily greater than before. For if the demand sinks, only a smaller number than formerly can any more find employment. In order to belong to this number a laborer must underbid the others, and in order at all to obtain the means for living he must obligate himself to work longer

for lower wages. Whilst the seller of other commodities causes a check to the sinking of the price of his goods through a diminution of the supply, the sinking of the demand for labor leads to an increase in the supply of the same, and therefore to a lowering of wages which is out of proportion to the diminution in the demand.

It is possible that the wages before their sinking stood above the average rate, and that the disproportionate-ness of their fall may lead to such an increase of the demand that all laborers offering their labor at a little lower price will again find employment. But if this is not the case, wages must continue to sink lower and lower. In this case a number corresponding to the sinking of the demand must continually remain without employment, and be supported by those subject to pay poor-taxes. The presence of these unemployed laborers, who perpetually offer their labor for sale in vain, has the effect to lower the wages of those employed until wages reach the lowest possible limit.

The Lowest Limit of Wages.—But what forms this limit below which wages cannot sink? In the case of other commodities their cost of production determines the lowest limit of their price. If the price does not cover the cost, the seller diminishes production until in consequence of the diminution of the supply the price rises again. In the sale of the commodity labor the cost of production not of labor but of the persons of its sellers forms this lowest limit. The cost of production of the commodity labor includes the standard of living of the laboring population—that is, the maintenance of life, which is customarily requisite for the laboring population and for the perpetuation of the species.

And here appears the worst effect of the inseparable connection of the seller of labor with his commodity.

The question is for the laborers, who when they appear isolated are not able to diminish the supply of their labor as long as they live, how to raise again to the necessary amount their wages, which have sunk below what is indispensable to their standard of living. But are the laborers able without organization, as the above-mentioned political economists, who recommend to laborers emigration, seem to suppose, again to raise their wages by this means, namely, by preferring to emigrate rather than to accommodate themselves to a more wretched life? Emigration supposes the possession of capital, and from what source can they obtain this capital? Or shall they by abstinence from the begetting of children, as the same political economists recommend, seek to diminish the supply of labor? This means, if employed, would help undoubtedly for the future; but under the relations which are here in question: when wages have fallen below what is necessary to customary living, its employment would be of no avail; for here a more speedily effective means would lead to the requisite diminution of the supply—the death of the new-born as well as that of those already living. And, indeed, the only thing by which, in the absence of an organization of laborers, the supply of labor can be diminished, when wages sink below what is indispensable to the standard of living, is the death and wretchedness of the laborers.

The Standard of Living and its Effect.—Yet this will not be conceded without objection. The standard of living of laborers many will say is to-day indisputably not the lowest possible. It is much more probable and also much more reasonable that laborers should renounce the gratifications of specific needs in order to live. How comes it that laborers rather starve than accommodate themselves to a worse standard of living?

It is a chief merit of Lange to have finely stated the reasons of this. He makes prominent two grounds of explanation of this phenomenon : the one ground is the effect of a difference in custom in relation to sustenance and care. It speaks universally for itself and needs no further comment. The second ground is the universal tendency, with the sacrifice of what is most indispensable, to keep as long as possible those constituents of the standard of living which are outwardly visible and which serve more for ornament and distinction. " This ground is of extraordinary social importance ; it belongs to those fundamental, psychological traits of the human character, which exercise a far-reaching influence upon all relations of life. It is well known that this trait is found not alone among the laboring classes, but shows itself much more conspicuously among all the 'higher' orders among whom the claims upon life are not in harmony with their means of living. The emigrants at the time of the French Revolution, often people of the highest nobility, and reared in abundance and luxury, preferred frequently to suffer real hunger rather than to renounce a genteel exterior, and many a dollar was spent as tips which the possessor secretly would have preferred to give for a good meal of victuals. We find the same among the poor nobility still often enough, and the scantily paid officer with a distinguished title who moves in the society of the wealthy will deprive himself of every thing else sooner than of the means for appearing respectable. If it does not go so far as to real hunger, yet other deprivations occur which are of not less influence in the maintenance of life, and which might be avoided by the open renunciation of things superfluous. We regard it as not at all improbable, that the influence of scarcity upon the death-rate extends to

the circle of officers who have an income three and four times as large as that of a laborer's family." In the same way we find among laborers certain constituents of the standard of living which are outwardly visible and which, on account of the esteem of their fellow-men and their own self-respect, they cannot renounce, and just as the laboring class is not the indistinguishable mass which in many respects it seems to be, just as there are various laboring classes which from trade to trade, often from place to place, vary in their standard of living, so the extent of the visible tokens of the standard of living to which they cling as long as possible varies with the various classes of laborers. And whoever carefully studies the laboring population of a country will find that the toughness with which every isolated class of the laboring order holds fast to those outward tokens of their standard of living is still greater than even that of the higher orders.

Lange has not only correctly explained this phenomenon, he has also forcibly justified it. "In daily life," thus he writes, "one is only too readily inclined to censure sharply such behavior and to scoff at it as wretched vanity; and, indeed, this scorn is well deserved, when pride and contempt for other classes of society are connected with such conduct. But, in connection with this, one must not overlook the fact that by the side of the deeply rooted tendency in such conduct to live like swine, there lies also an ideal trait which one is bound to respect. These people make of their standard of living a principle and try, therefore, with a certain feeling of duty, to maintain what is distinctive. Indeed, the views of the higher worthiness of the nobility, of an officer, or of a man whose ancestors were wealthy, are in the highest degree reprehensible, but the circum-

stance, that the mass for the sake of these whims, where they exist, is willing to make sacrifices, makes the case not worse but better. Beyond all doubt it is sublime, and such an adherence to certain tokens of a higher standard of living is something noble and good in the laboring classes." Here this adherence is rooted less in a feeling of superiority over others ; laborers see in these tokens rather the outward signs of their decency. The times are not yet very remote when the greater part of the people, even in cities, went bare-footed. / Now the laborer must not only, like his fellow-citizens, show himself in a complete and respectable suit of clothes, but he must have, in addition to his working clothes, a good coat for Sunday. Therein, that in these particulars he may not stand back, he finds an outward symbol of his worthiness as a man, and there lies in this a certain heroism if he, in bad times, makes a sacrifice to this consciousness. But still other considerations, in addition to those quoted from Lange, justify the maintenance of these outward symbols on the part of the laborer. In this there lies further on the one side a certain support of the organization of society ; since by this the laboring classes become a part of the general society, the higher classes are through this materially protected from destruction by crude barbarians ; and upon the other side upon this rests singly and alone the progress of the great mass of the people. , No progress in refinement in which the lower classes have taken part would have rooted itself in them ; they would never have elevated themselves above mere animal crudeness had they abandoned in bad times what in good times they had achieved over and above what was absolutely necessary for their existence. For—and this is the chief justification of the behavior discussed—if the laborer should not hold fast to

these things, nothing in the world could benefit him. Wages would necessarily in that case sink deeper and deeper, even to the utmost limit of the absolute necessities of life, and then the laborer would be obliged to starve.

The Diminution of the Supply of Labor, and Death and Misery.—Nevertheless, with this the objections against the statement, that the sinking of wages below what is indispensable to the standard of living caused by the death of laborers diminishes the supply of labor, are not yet removed. Starvation and freezing to death, many will still object, are too rare phenomena to be sufficient to diminish a too great supply of labor until it corresponds with the demand. From what, accordingly, do laborers die, whose death has as a result the raising of wages? Again, this question Lange has also settled with the simple answer: Laborers die from pretty much the same causes as in good times and as the members of the prosperous classes—only more rapidly. “Here deprivation crushes an old man who with better care would have died much later through the weakness of age; yonder the consumption of a poor woman takes on a more rapid course; here it strikes the infant who obtains no nourishing milk, yonder the mother who needed invigoration in child-bed; others, on account of a little disturbance of the organic circulation, are not able to recover, and pine away. The bad air of wretched rooms, in which cooking is carried on by the side of the sick-bed, where washing is done, and where people are walking to and fro, where children are crying, where numerous persons are breathing, are death-producing surroundings; but in good times one might perhaps rent one room more, furnish a piece of work, be less saving of fuel, and ventilate more frequently the rooms—in

short, the causes of death lurk in every corner ; one pulls through, another dies."

And in addition to those whom it kills, misery also wounds many ! Those whom it does not snatch away are weakened in their powers ; their capability of performance is diminished ; in spite of a longer day's work their performance is diminished, and this diminution of labor makes again room for more laborers.

The Sale of Labor and the Increase in the Demand.—But not only that the peculiarity of labor as a commodity compels laborers to their unreserved offer, not only that it effects that with the sinking in the demand nothing except misery and death can keep up the price of their wares and raise it higher, it also hinders laborers when they stand alone upon an increased demand to derive any advantage from it like the sellers of other commodities. These, as soon as the demand for their commodities increases, obtain a higher price. Not so laborers ; for when the demand sank they were not able to diminish the supply of their goods correspondingly with the sinking in the demand as the sellers of other commodities do. If the demand for labor rises, therefore, only the unemployed thus obtain again employment, who upon the previous sinking of the demand lost their work ; the reserve army advances, which the poor-houses at the expense of the whole population had supported for the employers as long as dulness in the business continued. First, when the demand rises to so considerable a degree that this reserve army is not adequate to satisfy it, that is, not with every increase in the demand, but relatively late and much less considerably than the price of other commodities does the price of labor rise. If the increase in wages continues, the standard of living can now be elevated, and the

limit below which wages cannot sink be extended, when, namely, laborers expend the increase of their income not upon an increase of their families but upon an increase of their needs. But if the increase in wages continues but a short time,—and by the delay in its coming its continuance is shortened,—it only has the effect of attracting new laborers out of other employments into the business in which the rise in wages occurred, in order by sinking again the demand to increase the number of those who are out of employment. Through the competition of a larger number of laborers, who, in order to find employment, usually underbid each other in the market, wages then sink so much the quicker to the amount of what is indispensable to sustain life, and the struggle for existence just delineated becomes all the bitterer.

Since the modern method of production, with its quickly changing tropical shootings up and its violent collapses, has for laborers, where they are not organized, the chief effect in isolated industries of producing “a surplus population,” Carl Marx speaks of “a law of population of the capitalistic mode of production.” This is an exaggerated designation of a tendency ; for this effect for laborers is not necessarily connected with the modern method of production. But where laborers stand alone, the alternations in the flights of industry and crises in production bring upon them great injuries. Whilst the flight, as a rule, is too short to introduce an elevation in the standard of living, it is sufficient to effect an increase in the relative supply of labor after a resulting collapse. Whilst every passing increase in the demand benefits the seller of other commodities, laborers obtain from this in the long run only injury when they are isolated.

The Supply of Labor and the Future Demand.

—Finally the peculiarities of labor as a commodity prevent the isolated laborer, like the seller of other commodities, by a diminution in the production of his goods, from diminishing their supply in the future market, and the laborers from obtaining in the future at least a larger influence upon the conditions in the sale of their commodities. For the commodity labor is, as has been pointed out, inseparably connected with the person of its seller, and want and necessity compel him to a perpetual offer of his commodity as long as he lives. The only means that laborers who are not organized have to cause a diminution of the supply of labor in the future market would thus be that they limit themselves in the begetting of children. And it is well known that the great majority of the most considerable political economists declare a limitation in the production of children not only as the sole means of the laboring classes for bettering their condition, but they are also of the opinion that for the introduction of the requisite self-control the address of the individual and his own interests are sufficient. But is this really the case ; are isolated laborers, even when they practise the requisite self-control, able to exercise influence upon the future supply of labor ?

The Supply of Labor in the Future Market.—

Manifestly, in order that laborers may comply with this invitation to self-control, the first condition is that they recognize the necessity of such a limitation of their numbers in order to improve their condition in the future. But how can the isolated laborer obtain the necessary knowledge since he is not able to overlook the future market, and cannot judge whether the probable future permits him to marry or not, since he is continually taught by those in whom he places most confidence,

by labor leaders, that the strength and hope of the proletariats depend upon their increase, and since his immediate experiences show him as the immediate consequence of marriage an improvement of his condition? For in domestic economy the income of two united goes further than when separated, and the poorer laborer sees in his children only instruments for increasing the total income of his family.

But even let one think of that class of laborers who are in a comfortable condition. Suppose a member of this class really tries to limit the size of his family, either because he strives against the renunciation of accustomed comforts, or in order to give to his children some property with which to begin their course of life, or because he wishes to spare his wife the wretched drudgery which a great and constantly increasing family brings with it, in that case the effects of his individual conduct upon the number of laborers for the future would be perfectly paralyzed, so long as the whole number of laborers did not restrain themselves in the same manner. Indeed, the restraint which he lays upon himself would only give to the more heedlessly thinking the more room to multiply. Accordingly, neither the appeal to individual interests nor the conduct of isolated individuals is sufficient to cause a diminution of the future supply of labor through sexual self-control of the laborers. All political economists who summon laborers to better their condition through such restraint abandon necessarily the egoistic and individualistic stand-point. They must necessarily make an appeal to the moral duties of every laborer, to his whole class.

And finally, suppose a whole class of laborers, for example, the laborers in an industry, recognize the necessity of sexual abstinence in order to better the condition

of their order and are also willing to practise the requisite renunciation in the interest of their order, yet their readiness will not result in deeds, those laborers will not really renounce something which they regard only as a legitimate pleasure so long as they are not insured against the fact that all renunciation upon their part will be neutralized by others who possess less public spirit.

The Economic Principles of the Labor Question.—In order that the diminution in the supply of labor through sexual self-control desired by those political economists may be reached, there are, accordingly, requisite: 1st, recognition of the necessity of such control; 2d, the prevalence of a general feeling of duty among laborers which will condemn conduct of an opposite character; 3d, protection for those who live in accordance with the recognized duty against the effects of the contrary behavior of others. All three requirements fail where laborers are not organized.

Thus laborers, when they appear separately, in consequence of the inseparable connection of their commodity with their person and their uniform poverty, not only offer their labor without reserve at every given moment and are therefore without influence upon the labor stipulations, but also with the sinking of the demand they are not able like other sellers voluntarily by diminution of the supply of their goods to hinder a fall in the price of the same; with the increase of the demand they have only under relatively, rarely occurring circumstances permanent advantages, and they are without influence upon the supply of their commodity in the future market. Accordingly in the formation of the labor contract, they are entirely in the hands of the purchaser of labor—that is, in the hands of their natural adversary in the price conflict; the lowest limit under

which their income cannot sink is determined by misery and death, the highest limit which it can reach is determined by the heedlessness of their fellows. The isolated laborers in the present and in the future are without influence upon the rate of wages. And these economic peculiarities form the foundation of the labor question.

According to the preceding discussions, the sale of labor gives a control over the person of the seller and his physical, moral, intellectual, and social existence, and he who fixes the conditions of sale, determines the degree and the kind of this control. It becomes evident that where laborers appear isolated it is the purchaser who determines the measure of refinement in which laborers can share, that they themselves are totally without influence upon this measure of refinement in the present as well as in the future, that misery and death determine the lowest share, the heedlessness of others over whom the isolated laborer has no influence determines the highest share which they can acquire in civilization and its progress.

But if, as indicated, Lassalle improperly designates it as something cruel that wages tend to harmonize with what is indispensable to sustain life, if he improperly in this sees the justification to characterize laborers as eternally disinherited, yet there lies in this something deeply tragical that a fate upon which laborers when they appear isolated are totally without influence should determine the degree in which they can really be men, that the share which they have in civilization is preserved from diminution only by wretchedness and death, that this share can be increased only by means of incomputable factors. Indeed, if it were true that with the continuance of the social and political order of

to-day there was no possibility of making the degree in which laborers should take part in civilization dependent upon themselves, to-day, when laborers are penetrated with the idea of their equal right to a participation in the progress of civilization, and when they are pushing for the realization of this right, the continuance of the social order would be seriously endangered. But fortunately it requires only the realization of the legal, fundamental propositions upon which the society of to-day rests in order to guarantee to laborers this possibility.

CHAPTER V.

THE TREATMENT OF LABOR IN FORMER TIMES.

IF in former times the peculiarity of labor as a commodity was not analyzed, yet practical needs, whilst they made necessary a treatment of labor different from the treatment of other commodities, caused, as a matter of fact, at most times recognition of these peculiarities. In the earliest times the regulations of the guilds effected that the special qualities of the seller of labor were limited in their effects, and later more general laws of the state and regulations of handiwork extended those guild regulations to all industries. It is evident that, as long as the number of apprentices was regulated by law, it was not chance upon which the supply of labor in a designated industry depended ; that so long as magistrates after the hearing of both parties regulated the rate of wages, it was no longer the unreserved supply of labor that fixed the wages of the individual ; that so long as laws required honorable character for the pursuit of an industry, as long as they formulated rules for workshops and for the number of hours of labor, if the laborer was not free in the destiny of his person, yet in relation to his moral, physical, intellectual, and social existence he was not dependent upon the absolute will of the purchaser of his goods—that is, upon the absolute will of his natural adversary, nor was he dependent upon an incalculable fate : he stood under the authority of law.

Repeal of the Old Labor Legislation.—But all regulations of the legislature of this kind were nothing but attempts to cure symptoms. For the removal of every morbid condition, the legislature had to make special prescriptions. The seat of the disease, the incapability of the laborer with equal born power freely to meet the purchaser in the sale of his goods, the legislature left untouched. This evil broke out in constantly changing symptoms, the guilds ossified into hardheartedness, the means of cure of the legislature always quickly showed themselves as antiquated, hard, tyrannical, and especially were they in contradiction with the idea of individual freedom which was taking possession of public opinion; and finally this led to an entire repeal of all protective laws.

New Regulations in the Sale of Labor.—But with this only bad means of cure were removed, not the evil. The effects of the latter now came all the more sharply into prominence. The view that labor is a commodity like any other commodity was legally sanctioned, and laborers were referred to the natural effects of liberty in order to remove their sufferings originating from this view. These sufferings were great; but nature left to itself showed the suffering immediately the proper means for the removal of the evil itself. Everywhere there came into being, as shown in the first book, with the repeal of those legal prescriptions, coalitions of laborers as a further protection against employers. And where coalitions were not sufficient to guarantee to laborers the necessary protection, the evils called forth great movements, which compelled the legislature also to-day still to recognize the peculiar relations of the seller of labor and the special treatment which these make necessary. For the sale of the commodity labor

there exist protective legal regulations which do not exist for the sale of any other goods. Let one call to mind the regulations contained in the factory and mining laws for the protection of body, life, and health, for the limitation of the day's work, as well as the legal prohibition of payment in commodities instead of money. Through the first-named laws, the injuries to the person of the seller of labor, which arise from his inseparable connection with the goods he sells, where the laborer is without influence upon the labor stipulations, are averted. The legal limitation of the time of labor has the same object in view, and makes sure at the same time that there remains for the seller of labor a part of the day at his free disposal, that he may be able to fulfil his duties to himself, to his family, and to the commonwealth, and to have some pleasure in life. The laws against the "truck system" are enacted on account of the incapability of the laborer, in consequence of his poverty, to insist upon payment in money. And these legal regulations, which distress first called forth in England, are found to-day in all civilized countries. But the most of these laws give protection only to those laborers whom, on account of their weakness, they regard as incapable independently to guard their own interests. Adult men, on the contrary, these laws relegate to their own capability to withstand the purchase stipulations required by the purchaser of labor, which appear to them not acceptable. The legislature thus refers them directly to coalition as their means of protection.

Importance of Coalition for the Sellers of Labor.

—And, indeed, for the laborer protection by means of coalition is much more desirable, more effective, and corresponds better with the matter in hand than protection by law. For aside from the great importance of

coalition for the education of the laborer, it is employed not only merely in the superficial removal of symptoms, it goes to the bottom of the evil and seeks to remove its cause ; for by it the laborer is placed in the same position in which every other seller of a commodity is found. By coalition the laborer obtains control over the supply of his goods in the market ; by it it becomes possible for him to offer his commodity with reservation, and to have a word to say in fixing the terms of its sale ; by it, accordingly, he obtains the same independence as other sellers, and whilst he, through it, obtains freedom and the power of self-determination over his own person, like every other seller, whilst he, by coalition, is able to remove the disadvantages of the union of his goods with his person, by it his commodity becomes, as it were, separated from him, and thereby for the first time becomes a commodity like other commodities. For the first time by coalition, accordingly, does labor become a real commodity, and the laborer a real seller of a commodity. Wherever he needs protection he can now procure it immediately, according to his need.

CHAPTER VI.

TRADES UNIONS AND THE SALE OF LABOR.

THE activity of the English trades unions, described in the first book, shows the manner in which an extended organization of the laborers of an industry can remove the evils which in the sale of their commodity accrue to laborers appearing isolated out of the inseparable connection of their commodity with their person and out of their poverty, and how this organization places laborers on a perfectly equal footing with the sellers of other commodities.

The laborer, it was there pointed out, who loses his situation because he does not accept the conditions of purchase proposed by the purchaser of labor, obtains from the treasury of the trades union support ; the statistics of the trades unions upon the condition of industry in various parts of the country, impart to laborers the necessary knowledge of the market, and the payment of the expenses of travel out of the funds of the trades unions enables laborers to withdraw their commodity from places in which there exists little or no demand, and to offer it where they are able to obtain the highest possible price. If the demand for labor sinks, it is possible for them to avoid a sinking of wages, since they diminish the supply of their goods by withdrawing them from the market or by shortening the day's work. If the demand

rises, they are able at once to obtain an increase in wages.

The members of the trades unions, accordingly, are in a condition entirely like that of the sellers of other commodities. They do not offer their commodities without reservation. They are able as well to reject stipulations proposed by the employer as also independently to make their own selling terms. But with this they have influence, not only upon the price of their wares, but they can make good demands relative to the length of the day's work, relative to the shops in which and the laborers with whom they work; in short, ^{in a large degree} they can remove, by insisting upon corresponding labor stipulations, the evils which arise for their persons to the laborers appearing separately out of the inseparable connection of the laborer with his commodity.

The Trades Unions and a Falling Demand.—

All this, according to what is laid down in the first book, as to the activity and organization of the English trades unions, is obvious of itself and needs no further specification or particulars. But it needs still a more definite exposition as to whether and in what way the sinking of wages below what is indispensable to the standard of living is avoided, how the calling into existence of a surplus population through the modern method of production fluctuating up and down is prevented, and how laborers can be enabled, by a diminution of the supply of their commodity in the future market, to obtain more favorable labor stipulations.

If the demand for labor sinks, yet the English trades unions do not allow their members to work for less than the customary general rate of wages, and in this consists the chief means for holding fast to the existing standard of living. For if the demand has really diminished, the

whole number of laborers hitherto employed, even when wages have been lowered, do not find employment. As has been pointed out, a sinking of wages only gives a handle to a further reduction. The trades unions, accordingly, prefer to a lowering of wages to support out of their own means the laborers who in consequence of a sinking in the demand are without employment, or to cause a shortening of the day's work of all employed. If the sinking of the demand is only transient, this does not fall heavily upon a strong trades union, and with the reanimation of the business it is not necessary to enter upon a new struggle to obtain the former rate of wages : those hitherto supported out of the funds of the trades unions go to work again at the former rate, or the time of labor is again increased. The trades union has here for the English laborers the same significance as a farm has for the Americans. In America every year, thousands of laborers go west and buy there about 160 acres of land at \$1.25 an acre. They build there a cottage. Then very many return to work for others. If they receive from their employer satisfactory wages they work for him. But if they find that they would do just as well to cultivate their farms, or if any cause of complaint arises which is not removed, they go back to their farms, the supply of labor is diminished, the standard of living maintained.

But if the diminution in the demand for labor in an industry is continuous, the means of the trades unions would not be sufficient permanently to maintain those without employment, especially when there is an influx of raw laborers into the industry. Here the number of those engaged in the industry must necessarily be diminished. The trades unions now, whilst they here also insist upon the usual rate of wages, save those who

Y remain without employment from a diminution of their income and from being pushed down to a lower standard of living, and instead of the number of those without employment being diminished, as occurs in the case of the isolated laborer, by misery and death, in this case, corresponding with the diminished demand, the trades unions diminish by aid to emigration the supply of labor for the time being, and seek by a corresponding limitation of the number of apprentices to adapt the future supply to the future demand. Of these means, the limitation of the number of apprentices is the one employed most frequently and the most effective. Emigration has been specially supported by trades unions in the iron industry, in order to diminish the supply of labor, but during later years it has been promoted by the newly formed trades unions of farm laborers, and not only to maintain the existing standard of living, but even to elevate it.

The Trades Unions and a Rising Demand.—

With reference to the increase in the demand for labor it is to be observed that the trades unions by no means strive to make use of every increase in the demand to obtain an increase in wages. This is the necessary supplement of their stubborn efforts to maintain the rate of wages once existing. The efforts of the trades unions are directed more to securing a sufficient, steady income. They do not aim at a rate of wages which they cannot permanently maintain. In the "Labor Guilds of the Present" this was pointed out in detail, and the book of Brassey has since that time confirmed anew what was there asserted. Only in periods of great prosperity do the trades unions seek to obtain an increase in wages, when there is a prospect of keeping permanently the higher rate. The fluctuations in industry up and down,

from month to month or from year to year, they employ for carrying out other conditions of labor more important to them than the raising of wages.

Aside from this the laborers of the trades unions derive peculiar advantages from every increase in the demand. The laborers out of employment, who hitherto have been supported out of the treasury of the trades unions, immediately find work again. If this increase of the supply does not satisfy the increased demand the time of work is increased, and for the extra time the laborers receive higher pay. Further, the sudden influx of laborers out of other industries is prevented by the qualification of an apprenticeship of several years necessary for engaging in industry, and by the limitation of the number of apprentices. And thus upon a relapse in business the number of those without employment in the industry is not increased. If such a relapse occurs, the laborers perform only the normal day's work, or those without employment are supported out of the trades-union funds. The permanent injury, namely, the continual increase of the "surplus population" of the industry through this policy is avoided by laborers united in trades unions. Indeed, as this policy makes more difficult, retards, and checks this tropical shooting up, it diminishes in general the violence of the relapse.

Trades Unions and the Future Market.—Finally, laborers united in trades unions are able to cause a diminution of the supply of their commodity in the future market, and by this to secure for themselves greater advantages in the labor contracts to be entered into in the future. The chief means which they employ for this purpose have already been frequently touched upon: the aid to emigration and the limitation of the number of apprentices. The latter means is of especial importance in

this connection. In all industries—except those which have made such progress that they are able to absorb the surplus labor of all other industries—the English trades unions enjoin it as a duty upon their members to work in no shop in which the number of apprentices stands in a higher than a determinate ratio to the number of those who have served an apprenticeship.

Indeed, the immediate purpose of this limitation of the number of apprentices is to prevent lots of apprentices from being employed in the place of those who have served their time to the trade, who after they have finished their apprenticeship are immediately dismissed and replaced by new multitudes of apprentices. But with this limitation there is not only necessarily connected a diminution of the supply of labor in the future market, but this limitation is also intended. "We are of the opinion," said the representatives of the trades unions before the commission appointed in 1867 to investigate the organization of trades unions, "that, when in an industry a situation becomes vacant, the unemployed adult laborer, who has worked until middle age in this industry, and has a wife and children who depend upon him for their support, has a claim to this position before raw laborers are introduced into the business. So long as there are unemployed laborers in an industry, the number of those belonging to this industry is not to be increased by new ones, or otherwise there would be a greater supply than the demand would require. We endeavor by a limitation of the number of apprentices in our market to avoid a surplus of labor over and above the demand, and as laborers who have been reared to a business and have devoted a number of years to learning it, we are justified in a certain measure in adapting the supply to the demand."

And, indeed, from the stand-point of political economy which requires from every seller of commodities an adaptation of the supply of his wares to the demand, and makes him responsible for a too great supply, the laborers are not only entitled to adapt the supply of labor to the demand, but even in duty bound to do so. But it is evident that the limitation of the number of apprentices puts the laborers, like the sellers of other commodities, in a position to regulate the future supply of their commodity.

Trades Unions and Increase of Population.—

But the existence and effect of the trades unions in general, as especially the limitation of the number of apprentices effected by them, have a further important effect upon the supply of labor in the future market, and indeed without this effect having been intended. They enable the laborers by prudent conduct in relation to marriage to avoid a too great increase in the laboring population ; indeed they occasion, and without special attention having been directed to this end, by their mere operation in other particulars, the conduct required by the most important political economists.

It follows from the above consideration of this economic condition of unorganized laborers that in order to call forth endeavors on their part to limit their number through self-control, and thus to better the condition of their class, before all, regulations are requisite which shall impress upon them the necessity of the required self-control for the purpose of bettering their condition ; further, such regulations as will cause a general willingness to practise the requisite renunciation and favor the rise of a general opinion among laborers that this is a duty ; and finally, regulations through which those living in accordance with the recognized duty will be protected

against the effects of the opposite conduct of other laborers.

As a measure to promote the introduction of the desired self-control, John Stuart Mill and others have recommended for countries with large landed estates the transformation of the day laborers into small independent farmers, and, indeed, property in land fulfils in a high degree the three conditions named. The farmer is in a position exactly to measure the average produce of a piece of land. He knows that it can maintain only a limited number of human beings. He can compute the number of these human beings. His own interest, not to impair his own condition and that of his children, induces him not to increase his family beyond this limit ; and so long as property in land is protected by the State, he is certain that his conduct for insuring his position and the future of his children will not be paralyzed by the opposite behavior of others. Accordingly, in countries with small peasant landed proprietors, as in Switzerland, Norway, and France, there is a much smaller increase of the country population than in England with its great landed estates and its multitudes of day laborers without property.

But really this arrangement cannot be designated as a means for the dissemination of greater foresight among laborers. The laborers by its introduction cease rather to be mere wage workers. Then again its efficacy extends only to farm day laborers, it leaves entirely untouched laborers in professional industries. But the trades unions for the professional laborers have the same efficacy as small landed estates have for farm laborers.

The trades union in the first place collects into one union all belonging to an industry, or at least has the tendency to do so. Aside from the fact that the trades

unions also strive for this, that no one conduct a business that he has not regularly learned, this collection leads to the demarkation of a definite sphere in the midst of the general field of labor. The laborers thus united, and belonging together through the activity of their union, become accustomed to overlook their general condition as an industry. As the peasant is able to judge of the probable product of his determinate field, so they are able to estimate the probable demand in their limited industry and its capacity for sustenance, and over against the knowledge of the limitation of the demand for labor there is thrust upon them unavoidably the necessity of a limitation of the supply of the same. Moreover, the above discussed measures of the industrial policy of the trades unions show that they have long ago recognized this necessity, and John Stuart Mill has already explained the prevalence of greater caution with regard to marriage among skilled laborers, out of relations which were called forth by the trades unions existing among these laborers, namely, out of the limitation of their field of labor, out of their custom of overlooking their general condition, out of a better understanding of their common interests, and out of their higher income which made it possible for them to lose something.

The second prerequisite is the willingness on the part of laborers to practise the required self-control. Now, certainly, every thing which increases the competency of the individual laborer, which educates him in economy and in care for the security of his existence, that is, a number of unions of laborers for various purposes, as co-operative stores, savings banks, building associations, and other similar institutions, increase the sense of the laborer for the required renunciation. But equally

strong incentives to such self-control as property gives to the small landed proprietor are not supplied to individual laborers in trades ; and as to individual conduct, it remains, as already shown, always without effect upon the elevation of the class. The industrial laborer has in general no rounded-off economic existence like the landed proprietor. He has in economic relations importance not at all as an individual personality, but only as an exemplar of an entire species. Accordingly, what is required is the formation of a general sentiment among all the specimens of this species, that the required self-control is a duty every individual owes to the whole, of which he is a part. Every thing which influences the laborer to regard his class as a whole with common interests and purposes of the parts ; every thing which accustoms him to sacrifice his individual wishes and inclinations as soon as they thwart the welfare of the whole, must serve to awaken this feeling of duty. Now as the trades union in general causes a better understanding of laborers of their general interests, as coalition especially is calculated to make clear to the mass of laborers the necessity of limiting their numbers, the entire industrial policy of the trades unions thus requires a constant subordination of the interests of individuals to the welfare of the whole, and, accordingly, of all institutions which have hitherto arisen, the trades union is the only one from which is to be expected with certainty as its natural consequence an education to the feeling of duty necessary for the required self-control and the formation of the requisite public opinion.

Finally, in the third place, the trades unions afford those really practising self-control the protection necessary to the economic efficacy of their behavior, and this,

by the limitation of the number of apprentices. This has been justified by John Stuart Mill. "As yet," he writes, "the separation of the various classes of laborers is so perfect and the line of demarkation between them drawn so sharply, that this separation is almost of like import with an hereditary difference in caste. Every occupation is recruited chiefly from the children of those already employed in it, or in occupations of the same rank and the same social standing, or from the children of persons who, if originally of a lower rank, have been successful in their efforts to elevate themselves. Consequently the rate of wages of every class has hitherto been governed more by the increase of its own population, than by the increase of the people of the country at large. If the wages of skilled laborers remain so much higher than those of the unskilled, the cause of this is that the skilled laborers are a wiser class who do not marry so early and inconsiderately as the unskilled. But if the limitation in the number of apprentices was removed there would be a tendency to bring the lower classes of the skilled laborers under the influence of an increasing ratio which is fixed by lower claims upon life than their own, and thus to make their condition worse without improving that of the great mass. Limitations of apprentices appear accordingly" (as also similarly property in land) "solely as fortifications of a definite locality against the attacks of over-population, as a means of making the wages of a class dependent upon their own ratio of increase rather than upon that of a more heedless and improvident class. What at first glance appears as the injustice of the exclusion of the more numerous part from the gain of a relatively small part, disappears with the consideration that the former through their admittance would better their lot only for a short time ;

the only permanent effect of their admittance would consist in pulling down the others to their own level." The removal of the limitations upon apprentices would work in the same manner as communism would if it should take the place of private property.

But the limitation upon the number of apprentices is not only necessary in order to secure the efficacy of the self-control of the laboring classes for the improvement of their condition. It also has a reaction in promoting this self-control, in that the constant regulation and limitation of the supply of labor to the demand strengthens the consciousness of the necessity of this self-control, in that it continually places before the eyes of laborers to what degree an industry demands a decrease of the supply, and in that the certainty of the efficacy of self-control increases their willingness to practise such.

A number of measures have in this century been partly attempted, partly proposed, to keep the increase of the laboring population within certain bounds, but all these are only outward, as it were, mechanically operating measures, to make the moral incapability of men harmless. The trades unions, on the contrary, produce in a natural way the necessary behavior of laborers relatively to marriage, in that they awaken in them the necessary direction of the will to this purpose.

Trades Unions and Labor as a Commodity.—

Thus the organization into trades unions puts laborers on an equal footing in every particular with the sellers of other merchandise ; it places them like these in a position to offer their goods for sale only with reservation, and to sell dear or cheap, much or little. It enables them with a sinking in the demand to withhold their supply, to use at their pleasure an increase in the demand, and finally to regulate in their own interest the

supply in the future market. The peculiar nature of labor as a commodity, its inseparable connection with the person of its seller, cannot, indeed, be removed by the trades unions, and instead of coalitions being nothing else than the vain attempt of the commodity labor to conduct itself like a man, as Lassalle scoffingly remarks, it places the laborers in a position upon the one side really to treat their labor as a commodity, and upon the other really to lead the life of a man. Now for the first time does the price of their merchandise, that is, their income, now for the first time the measure, in which they take part in civilization, become dependent upon themselves; now for the first time are they responsible for this; now for the first time are they able voluntarily to increase both.

CHAPTER VII.

THE POSSIBILITY OF INCREASING WAGES.

BUT the proof that laborers united in trades unions can regulate the supply of their commodity, is not yet sufficient to establish beyond a doubt that with this they are able to improve the condition of the entire laboring class. Many deny the possibility with respect to the demand for labor of raising the rate of wages through coalitions. They proceed from the view, that wages are paid out of the capital of the employer, and hold that at any given time the capital invested in wages is identical with the wealth of the country which by any possibility may directly or as the foundation of credit be employed in the payment of wages. Since, accordingly, they assume in advance a stationary sum, a so-called wages-fund, which no more and no less at any given time can be employed in the payment of wages, it is evident, that the rate of wages depends solely upon the number of laborers among whom this sum is divided. With this number the average rate of wages is necessarily given. Even the employers can change nothing in its amount; and if through coalition one class of laborers succeeds in enforcing a higher rate, this happens only at the expense of other laborers.

The Doctrine of the Wages Fund.—This theory includes two errors. First of all, it is not true that the capital spent in the payment of wages at any given time

is identical with the wealth of the country which, by any possibility whatever, can be employed in the payment of wages. For what are we to understand in general by the capital of a country? Evidently the part of the wealth of the country which can be employed in production. But is this part at any given time a fixed, invariable quantity? Certainly not.⁽¹⁾ For at any given time a part of the wealth of a country which serves for immediate gratification may be made serviceable to production, either immediately or as the foundation of credit. At any given moment, further, the wealth employed in production in a country can be increased by borrowing in foreign countries. To what degree the wealth of a country can be employed in production depends solely upon the magnitude of the gain expected from its productive employment.

2) The second error in this theory consists in the erroneous view that wages are paid out of the capital of the employer rather than by the consumers of the product of labor. But capital is, as Hermann has strikingly characterized it, only a means of shipment serviceable for transmitting the goods desired from one place to another. The employer, indeed, gives to the laborer out of his capital, step by step, support in the ratio in which he performs his labor, and for this he becomes owner of the product of labor. But indeed he does not give away his capital. He only transforms it through exchange. Now it includes the sum of the goods of exchange which the laborer receives as wages, now the labor itself incorporated in a commodity perhaps worthless in itself. But he does not leave it permanently in this latter form. He purchases the labor only to offer it later in the form of a product to those who do not need it isolated. He transforms his values

in exchange into the form of products of labor only in order to exchange them again with consumers for other forms of value. The true counter-value of labor lies accordingly not in capital, but in that which the consumers offer for the products of labor. But that which a consumer offers for a commodity is by no means an immutably settled amount. This amount is rather various according to the degree in which the consumer needs a certain commodity, and may possibly amount to his whole wealth. Since this theory supposes that wages are paid out of the capital of the employer, it overlooks this possibility of rolling off upon consumers the higher wages demanded by the coalitions ; it overlooks the fact that an employer will always be ready to expend more capital in the payment of wages as soon as the consumers replace for him the sum expended thereupon, and that in such a case it will always be possible for him, if he himself has no more than a certain capital, to procure capital by borrowing abroad.

Accordingly, there is no wages fund whose invariable limit places barriers to the increase of wages. In general, the question as to the possibility and effects of an increase of wages by means of trades unions is not so simple as it appears to those who merely deny this possibility, and many false views upon this question are spread abroad.

† **General Enhancing of Wages.**—As soon as in an industry wages are raised by coalitions of laborers, the employers in the respective industry try, mainly through an increased price of their products, to indemnify themselves. Now, many theorists make a distinction whether the rise in wages takes place in all industries or only in isolated ones. If it takes place in all industries, and in all at the same time and to the same extent, they teach,

as a necessary consequence, a shrinkage of profits. A general increase of wages, they say, cannot be replaced for employers through a general increase in prices; for a general increase in prices cannot take place, unless more money is expended, and an increase of wages can cause no greater expenditure of money. But this doctrine is by no means correct. A general rise in wages would rather have the same effects as a rise in wages in isolated industries. In the industries which have a certain monopoly, and whose products serve the necessary wants of life, the rise in wages would effect an increase in prices. The demand for unnecessary commodities would diminish; on the other hand, the demand for less dispensable commodities for consumption on the part of better-paid laborers would increase, and this demand would then set to work the laborers who had previously produced the superfluous commodities. The further deductions of the consequences of an increase of wages in isolated industries will still further illustrate these effects. Here it is only to be remarked that the whole question is practically irrelevant, for the occurrence of an increase of wages at the same time and in the same degree in all industries is in reality not at all conceivable.

An Increase of Wages and Foreign Competition.—Let us consider, therefore, the consequences of an increase of wages in isolated industries. Here various cases are possible.

X Let us suppose at first the most unfavorable case, namely this, that foreign competition does not allow such an increase in the price of products. Let us suppose, for example, that the English leaseholders should try by raising the price of grain to indemnify themselves for their cost of production, increased by the coalitions of farm laborers, would the attempt succeed? Certainly

not. The demand of the English consumers of grain would turn to the cheaper foreign producers; the price of grain would remain unchanged; in consequence of this, the poorest English lands hitherto cultivated, would no longer be tilled, because their produce would no longer cover the cost of production, and, moreover, the better lands on account of the increased cost of production, would yield only a net return smaller than before; the ground rent of all English lands would be diminished. The wages of labor, accordingly, would be raised at the expense of ground rent. Indeed, since less land would be cultivated, the demand for farm laborers would also sink. But suppose the standard of living of the farm laborers has been raised by the prevalence of wages increased by coalition, suppose the laborers refuse to work at lower wages. In this case, since not all farm laborers could be employed at high wages, a part of them must either emigrate or turn to other branches of industry. But would both be possible without thereby, either abroad or in the industries at home to which the laborers turn, wages being diminished by their competition; and thus the rise in wages of the agricultural laborers in England be paid out of the pockets of other laborers? Undoubtedly. For if less grain is produced in England, more foreign grain will be imported. In this way there will exist a correspondingly greater demand for farm laborers abroad, and if the English farm laborers emigrate, they will find a greater demand for labor corresponding with their supply. But if they do not emigrate but turn to mining, the building trades, or other branches of industry, they will find here also a greater demand for labor corresponding with their supply. For the more grain is imported into England in consequence of the increase in wages of farm laborers,

the greater becomes the demand for other products of English industry, in order by their export to pay for the increased import of grain. Thus other English branches of industry require correspondingly more laborers. And if these English articles of export produced in greater quantities displace foreign products from their former market, and if the foreign laborers who formerly produced the same are made breadless for a time, there arises at their homes a greater demand, corresponding with their number, for farm laborers, who produce the grain, which is now to a greater extent exported to England in exchange for English manufactures. The increase of wages of farm laborers in England would consequently in this case diminish the wages of not a single other laborer in the world. Its only permanent effect would be the same as that of the repeal of the English Corn Laws: the ground rent of English landed proprietors would be diminished. Consequently the wages of farm laborers would be increased at the expense of the English landlords.

Entirely the same effects become visible if in place of the production of grain we put the production of any other commodity, which cannot stand an increase in price without the home producers abandoning the market to foreign producers. In all such industries an increase of wages works like the removal of a protective tariff: the import of foreign products takes the place of the consumption of home productions, home capital and labor turn to other branches of industry, and the import of foreign products in the long run causes a greater demand for the productions of other home branches of industry. But if protective tariffs are to be condemned as an unjust taxation of the whole people for the benefit of an industry which can prolong its existence only artificially,

would it not be the greatest sin against the views of Cobden and Bright, if one should want to justify in the interest of a few employers the protective tariff of lower wages at the expense of the poorest class of the people? An industry that can maintain its existence against foreign competition only by means of lower wages is doomed to destruction, the same as an industry which can prolong its miserable existence only by means of a protective tariff. High wages work favorably, since like free trade, they compel capital to turn to those industries which are most favored by the natural conditions of production in the country.

In all cases, accordingly, in which foreign competition does not permit the expense in the increase of wages to be devolved upon consumers by an increase in the price of commodities, the profits of the employer are diminished. Yet this is only transiently the case. In agriculture the employer rolls the loss upon the ground rent. In other industries the capital of the employer is withdrawn entirely or in part, in order to seek investment in other branches of industry which still yield the customary rate of profit. Only then will profits permanently bear the expense of an increase of wages, when the respective industry in which the rise of wages takes place is conducted on so large a scale that in it, in spite of a lower rate per cent., a greater aggregate profit is to be obtained than in other industries with a high rate per cent., so that a great capitalist might remain engaged in it than begin another business in which there might be a higher rate of profit, but in which he must forego the possibility of employing so considerable a capital.

Increase of Wages in Industries with a Monopoly.—Yet the industries are much more numerous which are not so exposed to a threatening competi-

tion on the part of foreign countries, that they can absolutely bear no increase in the price of their commodities. These are the industries which have a kind of local monopoly. To this class belong all industries whose products customers procure much more comfortably at home than abroad, whose productions belong to the prime necessities of life. These are, for example, the building trades, the baker's trade, and the butcher's trade; also in general, the tailor's trade, much less frequently the shoemaker's trade, and especially all industries which furnish finished products less than performance of service; for example, the chimney-sweeps, or laborers engaged in making repairs, blacksmiths, locksmiths, etc. If laborers here try to increase their wages, it is possible that they achieve with moderate activity a permanent increase. It is possible here for employers corresponding with the increased wages to increase prices, and thus to compel consumers to pay out of their own incomes the higher wages of laborers. The products of these industries are required for the satisfaction of the most necessary wants of life, so that the consumers rather pay the higher prices than do without them.

A like devolution of the greater cost of production caused by an increase of wages becomes possible for employers in those industries which are exposed to the competition of other parts of the country, yet which maintain a considerable preponderance over the industries of a foreign country. Almost every country has an advantage over most others which especially facilitates for it the production of certain commodities. Thornton reckons among these industries in England all those which have made Sheffield, Birmingham, Leeds, Manchester, Glasgow, Newcastle, and a number of other

cities the chief seats of manufacturing industry. In all such industries the employers can indemnify themselves for every improvement in wages which is not so great that by it the home prices reach the height of prices abroad. Here it may be permitted to mention, as a subsidiary remark, that the proof contained in the "Labor Guilds of the Present," that the increase in wages of the British trades unions has not in the least injured the branches of British industry in question in their power of competition since that time, soon after the appearance of this proof, was confirmed in the most emphatic manner by one of the first English employers, the member of Parliament, Thomas Brassey. "The export from the United Kingdom," thus Brassey writes, "reached last year the value of £319,000,000, and the greatest increase took place in the industries in which wages had been most increased. Our export of iron and steel has been doubled in the last seven years." The ground of this is that the performance of the highly paid English laborers is more profitable than that of their lower paid Continental fellows.

Thornton's New Wages-Fund Theory.—But before by these deductions the possibility is established of raising the wages of the laborers in an industry by coalition, without thereby diminishing the wages of the laborers in other industries by the same amount in which the wages in the respective industry are increased,—before this possibility is placed beyond a doubt, several objections must be removed.

x The first objection was made by Thornton. He says the income of consumers which is disposable for the purchase of commodities is a fixed one. If, in consequence of an increase in wages, the prices of the product of an industry should be increased, there would remain

for consumers less money for the purchase of the products of other industries, and with this there would also remain less for the payment of the laborers in these industries. By the amount in which the laborers in coalition are raised, he says, wages of the laborers of other industries must sink. It is, accordingly, impossible by coalitions to increase the average wages of laborers.

Now, it is certainly correct that a consumer, the more he must pay for one kind of produce, has the less remaining to pay for all other products. But it is entirely wrong to infer from this that in consequence of an increased price of certain commodities caused by an increase of wages, a diminution will occur in the total demand for commodities. If A formerly received 300, and paid to B 100 of it for his products, there would remain 200 for the products of C and D. If now B increases his prices so that A must pay to him 150 for the same amount of goods as formerly, there remains for A, indeed, only 150 to pay for the commodities of C and D, but the demand upon B, increased by 50, takes the place of the demand for the products of C and D; the amount of the total demand for commodities, accordingly, remains entirely unchanged. In consequence of the increase in prices there is only a change in the persons of the demanders. Corresponding with this change, the kind of required and produced merchandise is changed. Instead of the objects of luxury of the rich, in consequence of an increase in wages articles consumed by laborers are required and produced. The profits on capital invested in the manufacture of luxuries sink, the profits upon the capital invested in the production of articles of consumption for laborers rise. And since capital has no interest at all either to produce

the one or the other, only what produces the greatest return, it is withdrawn from one kind of production to another, and, indeed, as Bagehot expresses himself, not speedily—for this would be an expression too slow for it—but almost instantly. The portfolio of the banker is now filled with cattle drafts, cotton drafts, and other drafts, instead of silk drafts. In the production of articles consumed by laborers, the demand for labor rises ; wages rise ; laborers who had formerly produced objects of luxury for the rich, now seek and find labor in this plebeian production.

Accordingly an increase in wages of the laborers in coalition diminishes in no industry the wages of laborers ; it diminishes solely the income of the consumer of the commodities produced by the laborers in coalition, causes a change in the persons of the demanders, and a change in the kind of production. The entire demand for commodities, however, remains unchanged in quantity ; for the entire production the change means nothing more than when a demand for cotton cloths takes the place of the demand for laces, nothing more than every change of fashion.

Increase of Wages and Consumption.—Moreover, the decrease in the consumption of articles of luxury can extend just as well to imported foreign commodities as to home products. As a matter of course, there must correspond with the cessation of this consumption of foreign commodities the cessation in the export of the home commodities which were hitherto exchanged against the foreign products. Since the natives would no longer be inclined to take the price which foreign producers offered them for their wares, these could no longer obtain the wares of the natives. But the industry of the country would not permanently

suffer. In place of the consumption of foreign articles of luxury by people at home and of home products by people abroad, there would be a consumption of home products by the better-paid home laborers, and travellers like Alfred Russel Wallace would no longer find that residents of tropical countries, to whom the products of European laborers are only articles of luxury, regularly obtain the same as cheap as, indeed cheaper than European laborers who require them as necessary articles of consumption.

But whether, in consequence of an increase in wages and a corresponding increase in prices in industries serving the necessary wants of life, the consumption of home or foreign articles of luxury falls off or not, in either case laborers who formerly produced the home articles of luxury, or those goods for export, derive advantage from these changes even when their own wages remain unchanged. The demand for objects of luxury is subject to greater fluctuations, the export of home products in exchange for them more insecure, and the production of such goods, accordingly, exposed to much greater crises than that of goods for which there exists on the part of the mass of the people a regular demand.

The Increase of Wages and the Class of Manufacturers.—Accordingly, instead of permanently inflicting upon the laborers of other industries an injury, an increase of wages in an isolated industry is permanently advantageous to the whole laboring class. This is of value not only for the class of laborers, but also for the class of employers. A large money income of the laboring class is in the interest of the manufacturers, with reference to the demand for their products. Where production increases at the expense of laborers, the em-

ployers are compelled, as Wallace points out, to ramble afar for the discovery of new markets, whilst if the purchase power of the masses were developed, if their needs were satisfied by means of the overflowing products of their labor, a more secure and regular market would exist very near. Should the capability of selling on the part of manufacturers under lower wages be increased a hundred-fold, yet they at the same time, by a reduction in wages, would smother in embryo their future customers. And as a result we see there is upon the one side a constantly increasing quantity of unsalable products, and upon the other a like mass of starving laborers and unsalable labor. The simile of the killing of the goose which lays the golden eggs might be applied with more justice to those manufacturers who at the expense of wages keep down their prices in order to increase their business, than to those laborers who demand higher wages.

The Enhancing of the Prices of Articles Consumed by Laborers.—But a second objection against keeping wages high or increasing them by trades unions is to be removed. Although this is frequently heard, yet Adam Smith has already refuted it, when he explained by what means the cities in the middle ages became rich. If at that time, he writes, the members of the various corporations in the cities in their commercial intercourse with each other had had, from the rise in the prices of their commodities effected by themselves, neither advantage nor disadvantage, yet they would have won very much in consequence of this increase in commerce with the country; and in this intercourse with the country consisted the whole trade which sustained the cities and made them rich. Very often the objection is made that the advantages to laborers themselves from

the increase of wages are made illusory by the increased prices of indispensable commodities. The money income of laborers belongs to the cost of production of commodities, it is said. If this money income rises, corresponding with this rise the price of those commodities will rise, and the laborers would effect thereby that they as consumers are compelled to pay higher prices, and for their greater money income receive only the same amount of commodities as before. But this objection would only then be of significance if it were the laborers alone who purchase those indispensable commodities—that is, if the higher wages should be paid only out of the incomes of laborers. But persons living upon the interest of capital—employers, officers, and landed proprietors—must also pay the higher prices for these goods. The interest upon capital, the profits of the employer, the salary of the officer, and ground rent take a part in paying the higher wages of laborers, and all that is paid to them more than before out of these incomes is for them clear gain. Only let one recall to mind that the real incomes of those who live on the interest of money—employers, officers, and landlords—are diminished by an increase of wages, and that since this income is smaller, while the total income of the country remains the same, it is necessarily the real income of laborers which is increased.

X **Increase in Wages and Capitalization.**—Finally, it might be said against keeping high and raising wages by trades unions that the consumers instead of limiting their consumption of articles of luxury in consequence of the higher prices of indispensable articles, might pay those higher prices at the expense of the savings which they otherwise would have accumulated. Now although this will probably not occur, and at all events only to

a less degree than the limitation in the consumption of objects of luxury, yet it may be said, upon the ground that this might happen at all, that if laborers even for a short time derive advantages from an increase of wages, the diminution in the incomes of the rich, caused by this increase, would hinder considerably the progress of capitalization, with this the increase of the wealth of the country, and with this the increase of incomes out of which the future demand for labor is defrayed. By this the demand for labor in the future would be less than it would have been without the increase of wages, and an increase of wages has as a consequence in the future lower wages than would be paid without it.

But this supposition leaves out of account that in the degree in which the incomes of the rich are diminished, in consequence of an increase of wages, the incomes of laborers are increased. Now it is certain that laborers will at first expend their acquired greater income mainly upon an increase in their consumption. Moreover, this is desirable, especially when the greater consumption takes place in the form of the higher gratifications, or when the greater wages are expended upon the procurement of more wholesome food and better dwellings. But if laborers, in consequence of their greater income, at first increase their consumption, yet they are accustomed to capitalize a part of it. Let one only think of the English distributive societies and productive societies, which have arisen out of such capitalization, or of the very considerable reserve funds which the English laborers have accumulated in their Friendly Societies and trades unions. The total wealth of these Friendly Societies in England and Wales which, in 1874, answered the question sheets of the Registrar-General of the Friendly Societies—that is, 11,490 out of 21,547, amounted

to £9,038,290 ; and the United Society of English Engineers alone possessed at the end of the year 1875 a reserve fund of £264,641 which 44,032 members had saved in twenty-five years. These reserve funds were loaned to banks and produced new income, and thus a new demand for labor, and it is the same way with the deposits of laborers in savings banks. The entire wealth in the Prussian savings banks amounted at the end of the year of the great increase of wages, 1872, to ¹ \$217,000,000 against \$172,000,000 at the end of the year 1871.

Yet it cannot be denied that a few rich, who have large incomes, will capitalize to a greater extent than many laborers with only sufficient income. That which laborers can expend upon themselves personally is, in comparison with that which the rich are able to expend upon their persons, still capable of an endless extension. But the entire objection, that an increase of wages diminishes the future demand for labor, wholly indifferent to whatever extent it may be theoretically established, seems insignificant and purely *a priori*. Insignificant : for the only advantage for laborers which a greater demand for labor has, is this, that it increases the price of labor. But to expect laborers not to increase the price of labor, because this might diminish the demand for labor in the future, means, as Thornton has correctly said, to expect them "to sacrifice an end to a means, whose only merit consists in the fact that it leads to the same end." The objection also appears as purely *a priori*. For where is its proof from experience, if the English Chancellor of the Exchequer, Gladstone, on the 16th of April, 1863, on the one side declared, "that in the last twenty years such an increase of the means of living for British laborers has taken place that one must

¹ A German dollar is about seventy-two cents of our money.

pronounce it almost without example in the history of every country and every age," but on the other side, in spite of this melioration of the average condition of laborers caused by an increase in wages and trades unions, speaks of the contemporaneous "extraordinary and almost intoxicating increase" in the incomes of the wealthy. "In ten years," he states, "from 1842 to 1852, the income of the country subject to taxation increased six per cent. ; but in eight years, from 1853 to 1861, it has increased twenty per cent. in comparison with the income of the year 1853." But in England, incomes subject to taxation from 1842 to 1853 were all above £150, from 1853 to 1863 all incomes above £100. Accordingly the numbers given by Gladstone represent only the incomes of the rich.

The Trades Unions and Increase of Wages.—

If we collect together the results of this discussion it results at first that there exists no kind of possibility to prevent trades unions from increasing the rate of wages ; there results rather the possibility of increasing wages at the expense of profits and at the expense of consumers. In the latter case the increase in wages effects a diminution of the real income of the former consumers and a just as large increase in the real income of laborers. It effects a change in the kind of production since a greater production of indispensable commodities takes the place of the production of dispensable objects of consumption. Since the laborer by it obtains a greater part of the total income of the nation, the increase of wages effects a more equal distribution of this income among all its members.

CHAPTER VIII.

THE RATE OF WAGES AND THE AMOUNT OF PERFORMANCE.

IN the discussion just had of the capability of employers to pay higher wages, we have seen that in most cases of increase in wages employers are able to indemnify themselves by increasing the prices of their products. But still another consideration allows employers in case of an increase in the price of products to pay higher wages. This second ground has been only once lightly touched upon in what goes before when we were speaking of the undiminished capability of competition of the British branches of industry in which an increase of wages has taken place. It consists in the fact that with the increase of wages the price of their work is necessarily increased just as little as with the diminution of the time of labor the quantity of work performed is necessarily diminished. Indeed, on the contrary, with the great mass of laborers high wages and diminished time of labor have as a consequence greater performance.

Adam Smith has already taught, high wages of labor increase the industry of the great mass. The wages of labor are the incentive to industry and, like every other human characteristic, industry becomes the greater the more incentives urge it on. Nourishing food increases the bodily strength of the laborer, and the consoling hope of bettering his condition and perhaps of closing his days

in comfort moves him to exert to the utmost his strength. Therefore we see that every where where wages are high laborers are more active, more diligent, and handy than where they are low—for example, in England more than in Scotland, more in the neighborhood of great cities than in remote country places. Indeed, there are laborers who are idle three days in the week if in the other four they can earn enough to live upon. Yet this is only exceptionally the case. On the contrary, laborers if paid by the piece easily overwork themselves, even to the ruin of their health. Frequently the extraordinary exertion during the four days is the true cause of the idleness during the other three, about which so frequent and so loud complaints are made.

Adam Smith upon the Rate of Wages and the Amount of Performance.—And after Adam Smith has connected with this subject a diatribe against the short-sightedness of employers who drive their men too sharply, he turns expressly against the statement that laborers in cheap years, as a rule, are more indolent than in dear ones. An ample support, one might conclude, would diminish, a scanty support be a spur to, industry. But if it is subject to no doubt, that this for isolated laborers may be correct, for the great majority it is false. It is not very probable that badly nourished men labor better than the well-fed, the depressed better than such as are cheerful, those who are frequently sick better than those enjoying good health. The fact is this, that laborers in dear years are more dependent, more subject, and faithful than in cheap years; that the employers in the former case would more readily enter into contracts and would lead a more easy life than in the latter. Wherefore this view against which Adam Smith cites some exact observations upon the influence upon the performance of labor of more or less ample wages.

Observations since the Time of Adam Smith.

—And the same that Adam Smith teaches is not only the unanimous doctrine of all political economists who succeeded him ; this doctrine has also been confirmed since his time by the most comprehensive observations. Not only that the practical men of world-embracing experience, the railroad builders and engineers Brassey, father and son, in their undertakings in almost all parts of the world, found, as a rule, almost without exception, that in spite of the difference in wages the price of labor was everywhere the same, that for the same sum of money the same amount of work was everywhere performed ; not only that the most manifold undertakings show that also in the same country the performances of laborers are greater in those parts of the country with higher wages, it has since Adam Smith been repeatedly laid down that even the same laborers under otherwise like conditions with lower wages do less work than with high wages, and *vice versa*. Especially does the forty-four years' experience of one of the leading mining districts of the world, that of Liege, from 1830 to 1874 show the greatest performance of the laborers with extraordinarily high wages.

The Increase of Wages in 1872.—In the same way the increase of wages in the year 1872 in the mines of Prussia, Belgium, and Austria shows greater performance of laborers as a consequence of higher wages. In the same way the colossal increase of production in the year 1872 in all branches of industry results as a consequence of an increase of the average performance of laborers caused by an increase in wages. For since this increase of production can neither be ascribed to technical improvements nor to an increase of the number of laborers, and as the existing laborers had been already fully employed before 1872, the increase in the average performance of

the laborers remains as the sole ground of explanation of this increase in production. But by what means aside from the incentive of higher wages could employers in countries with free labor accomplish this result? The healthy human understanding declares, as Dr. Hertzka correctly emphasizes, that without exception every increase of production in all spheres of industry which is not called forth by technical improvements nor by an increase in the number of laborers must necessarily have an increase of wages as its cause.

In our time there is a very intense opposition of the upper classes against this doctrine. People become angry on account of the presumptuous demands of laborers in the case of the high wages of 1872; they are hurt by the increase in the price of commodities occurring at the same time, and generalize isolated, individual experiences as to laborers who expend their higher wages in an improper manner, into the view that laziness and dissoluteness date from the increase in wages of 1872. But whilst the bad effects which an increase of wages thus has upon isolated laborers are exaggerated, nothing is seen of the savings and of the increase in performance which it has as a consequence—advantages which outweigh by far those disadvantages. Whilst those disadvantages are thrust upon the attention of every individual, these benefits first come to view in statistics. And yet the favorable balance which results from the expositions of statistics as to the savings and the increase in the performance of laborers in the year 1872 would afford an excellent opportunity for a *Bastiat redivivus* to instruct the cultivated classes as to "*ce qu'on voit et ce qu'on ne voit pas.*"¹ The experiences of 1872 which shake, as is alleged, the old harmonious doctrine of all political

¹ "What is seen and what is not seen."

economists as to the relation of wages of labor to the performance of labor, have confirmed anew this doctrine.

The Time of Labor and the Amount of Work Done.—But who can wonder at this view resting upon scanty investigation and prejudices? For it needed the results of the English factory legislation imparted in the first book to convince employers that the mere extension of the time of labor does not mean the same thing as an increase in the performance of labor. These English experiences, however, have not yet convinced Continental employers that laborers with an honest system of payment by the piece in shorter time produce the same, and frequently even a greater, quantity of products than formerly, when they were wearied by excessive bodily exertion. And yet the most manifold observations as to the relation between the time of labor and the amount of work done outside of England have confirmed the English experiences. It has not only been observed that the laborers of countries with shorter time of work perform more than the laborers of those with more hours of work, and that inside of the same country, laborers with a regularly shorter day's work surpass those regularly working longer, but also a multitude of new observations upon the increase in the performance of labor have been made. In consequence of a further shortening of the day's work everywhere it appeared that just as a gradual increase in wages so the gradual shortening of the day's work had as a result an increase in the amount of work performed. But not every increase in wages, not every decrease in the time of work, leads to a corresponding increase in performance, and the ground why this is not the case lies not very deeply hidden.

Why then does an increase in wages and a decrease in the time of work in general lead to a greater capability

for work? Because higher wages and a shorter day's work make it possible for laborers to increase and satisfy their physical and spiritual needs; because better food, more careful fostering, greater and more moral recreation increase the power to work, and because they increase the pleasure in labor; for men with greater needs, with a shorter time of work, are driven to greater industry, which from bodily causes becomes easier for them than for laborers feeling fewer needs, badly nourished, and tired out. In other words, an increase in wages and a decrease in the time of work lead to a greater performance, because they elevate the standard of living of the laborer: a higher standard of living necessarily spurs to greater intensity of labor, and at the same time makes the same possible. But with this it is virtually said that an increase of wages and a decrease in the time of work which do not lead to an elevation of the standard of living do not have this effect, and at the same time the reason is stated why they do not do this. If the higher wages and the shorter time of work should be expended in wild revelry rather than upon the increase and satisfaction of the well-ordered, regular claims upon life, the power to work, instead of being strengthened, would be impaired, the joyousness in work annihilated, and after a night spent in wild debauchery the workingman would go to his labor late in the morning with a flabby body and a peevish mind. Wherefore a violent jump-like increase of wages or shortening of the day's work brings advantage neither to laborers nor to the community. The standard of living of the laboring population cannot be elevated by great leaps; if the standard of living is nothing else than the degree in which laborers take part in civilization, the laborer who would acquire in civilization a greater share must first learn how to en-

joy it. Where the standard of living cannot keep step with the increase in wages, by the falling away of favorable conjunctures wages drop back again to their former level.

First Effects of Every Increase in Wages.—

Yet by this consideration we must not let ourselves be carried away to the conclusion that an increase in wages is harmful, even if we observe as its immediate result greater indolence and more luxurious living. With the greater number of laborers these are the immediate consequences of every increase in wages. Indeed, we also see with an improvement in the condition of the higher classes often wild extravagance and dissolute indolence go hand in hand. If this is found as the first effect of amelioration in the condition of the higher classes, how much more conceivable is this phenomenon among laborers, and so much the more the lower their former standard of living and the more pitiful—corresponding with this—the aim of their former desires and aspirations. But if we only allow such an increase of wages and decrease of the time of work to continue a considerable length of time, it will be soon seen how the dissipation, according to certain psychological laws, is gradually changed into an elevation of the standard of living, and with this at the same time makes place for a physical, spiritual, and moral elevation of the laboring classes, which effects in turn an increase in the performance of labor.

Transient and Sudden Increase in Wages.—

Increase in wages and shortening of the time of work accordingly, which continue only for a short time, have no increase of performance as a result. In the same way a sudden rise in wages, sudden shortening of the time of work, do not call forth immediately a correspond-

ing increase in performance. Both lead not to a corresponding improvement in the standard of living, and only the elevation of the standard of living leads to greater capability of work and greater performance.

Elevation of Wages and the Laboring Capability of Nations.—Further, it follows from our investigations that the introduction of a day's labor of the same length or of the same rate of wages among all nations would not among all suddenly call forth the same performance, because it is not possible to raise the standard of living of a laboring population by leaps. The possible height of wages and the possible shortening of the day's work are various according to the degree of civilization of the nations already reached. High wages and a short day's work, as they only give the possibility for further progress in refinement, are possible only among highly civilized nations, and the "madness of the socialists," scolded at by many, that the civilization of nations is measured by the elevation of wages and the shortness of the day's work, appears thus in every respect as wise. With what elevation of wages and what length of the regular day's labor most work will be done is solely a question of experience. The experiences of different times give various answers, according to the degree of the laboring capacity which a people has already reached. There never can occur at once a great elevation of real wages, never a great shortening of the time of work. Only by a gradual elevation of real wages, only by a shortening of the day's work step by step, as the industrial history of England in this century shows them to us, will the greater intensity and capability of laborers necessary to an increase in performance be trained up.

But the increase in the laboring capability of a laboring population is so much the more important, as with-

out doubt the industrial supremacy will finally come to that nation whose laborers accomplish most. Knies has already alluded to this, when he laid stress upon the fact that the natural advantages of individual countries, with every improvement in the means of transportation, are participated in more and more by all other nations, and therefore disappear as special advantages of individual countries. But capital is cosmopolitan and flows thither where the otherwise most favorable conditions of production exist. But if natural advantages of individual countries guarantee to these countries in the long run no permanent superiority, there remains as the only lasting power of attraction for capital the most capable laboring population. And a slowly progressive elevation in wages and a gradual diminution of the time of work, which, as pointed out, are the fittest means for raising the standard of living of laborers, are, accordingly, also the best adapted for securing to a nation the first position among the commercial nations. Meanwhile, our discussions incite to the raising and answering of a further question. We have seen that no inexorable limit of a wages fund places barriers to an increase in wages ; that it is possible for laborers, by an increase of wages, to raise their income at the expense of the incomes of the other social classes ; that the establishment of the rate of wages is solely a question of might. From the latter cause, as to the relation between employers and laborers, no rate of wages is in itself just or unjust, fair or unfair. Yet our discussions of the relation of wages of labor and time of labor to performance of labor give occasion to ask whether every elevation of wages and every shortening of the time of work is justifiable.

In order to answer this question we must call to mind the relation of economic activity to man. All industrial

activity, that of individuals as of entire nations, is only a means to a higher end. Industry did not originate for itself, and not there where it is conducted as an end unto itself, is it justified. It came into being to serve the needs of men, and only in so far are its efforts to achieve wealth justified, as in material well-being consists the necessary pre-requisites for the moral and intellectual well-being of the great mass of individuals as of entire nations. Now we have seen that not every increase in wages, not every diminution of the time of work leads to the greater physical, intellectual, and moral welfare of laborers and to their greater participation in the blessings of civilization. Increase of wages and decrease in the time of work, which cannot have continuance, have the opposite effect; only such as have an elevation of the standard of living as a consequence, elevate the laboring classes, and enable them to maintain the amelioration acquired.

Accordingly the standard of living is the criterion by which to judge of the rightfulness of an increase in wages and of a decrease in the time of the day's work. Just as every elevation in wages and shortening of the time of work which lead to an elevation of the standard of living is justified, because by it the physical, moral, and intellectual well-being of the lowest strata of the population, and their participation in refinement, and at the same time their capability to work, is increased; just as every reduction in wages and increase in the time of work which have as a consequence a lowering of the standard of living are in the highest degree deplorable, because they depress to a lower stage of civilization the great mass of the nation, and at the same time curtail their capability of performance; in the same way every elevation in wages and every dimi-

nution of the time of work which do not lead to an elevation of the standard of living are objectionable. Only an industrial policy like that of the English trades unions, which, against all fluctuations in the labor stipulations, is directed specially to their permanence, which resists deteriorations in the same, but also only in periods of great prosperity aims at their improvement as favorable opportunities present themselves, is justified from the standpoint of the interests of laborers and of the whole nation.

But it is a gratifying result that the same means which summon up the great mass of the people to a greater participation in the blessings of civilization—namely, the elevation of the standard of living of its laboring population—is calculated to secure and elevate contemporaneously the industrial position of this nation among the other nations of the world.

CHAPTER IX.

THE COURTS OF ARBITRATION AND AGREEMENT.

THE means by which trades unions are able to keep up and to elevate the standard of living of laborers have been discussed in detail. We have seen that the last means to which laborers united in trades unions resort, consist in the refusal to work except upon certain terms. In the first book we have discussed the advantages and disadvantages of these strikes, and shown that the chief gain in all conflicts as to the terms of labor consists in the resulting inclination of both parties to bring to a decision the difference in their views and claims in a more rational way than that of conflict. The sacrifices of labor conflicts for the victors and vanquished have led to the formation of courts of arbitration and agreement, in which not only controversies originating from labor contracts already made are settled, but also the origin of controversies about future labor conditions is avoided by a periodical establishment of the labor stipulations for a certain time. The organization and the workings of these courts of arbitration and agreement were described in the first book. We have seen that in no industry in which they have been once introduced has a strike or lockout again occurred.

Obstacles to the Courts of Arbitration and Agreement.—One would suppose that so strikingly

favorable results ought everywhere to lead to the establishment of these beneficent institutions. And, indeed, in England the courts of arbitration and agreement are extending uninterruptedly from industry to industry and from place to place. But their extension has to struggle against two impediments—against the pride of employers and against theoretical prejudices. The first impediment, the disinclination of employers to negotiate with their laborers, is found in all countries; in England, on the contrary, the theory which declares the regulation of the terms of labor in courts of agreement impossible is more and more losing adherents. But in Germany it is very zealously sought to keep this theory on its feet. We will busy ourselves first with this theory and with the arguments brought forward for it in Germany.

Erroneous Ideas of the Court of Arbitration.—

A chief cause that in Germany people still hold fast to this theory, which has been refuted by the practice of the guilds for centuries, by the experiences in the London typographical profession since the beginning of this century, and now by the sixteen years' working of the new courts of arbitration and agreement, is the want of a correct view as to what a court of arbitration is, what is its purpose, and what it ought to accomplish. By the word "agreement" people have been led to the erroneous idea that the business of such a court is the "persuasion of human hearts." Two parties, inflamed with rage against each other, it is supposed, are persuaded by the appeasing intermediation of an amiable mediator, rather than mutually to hurt each other by a long-continued struggle, to remit something of their mutual demands and to be satisfied with terms of purchase and sale lying between them. On this account people declare themselves not in favor of courts of agreement as permanent institutions, but as

mediators, which both parties select for individual cases after controversies have broken out. A mediator would have an easy task if both parties should turn to him because at the given moment they have confidence in him. On the contrary, the activity of the mediator would remain fruitless if the parties should be brought before him by compulsion, even if this compulsion were founded upon a former compact of the parties themselves. Because people think of effecting concessions of each one of the parties to the other as the task of the courts of arbitration, they are opposed to all compulsion to make the parties conform to the proposed settlement of the mediator. A compulsion of the laborer to work for certain wages is an attack upon personal liberty, they say; a compulsion of the employer to pay certain wages, an attack upon the rights of property. The former would cause the transformation of the free laborer into a bondman; the latter would cause the state itself to become the proprietor of all factories and workshops. But people help themselves over the actual success of the English courts of agreement, which contradicts this theory, by the assertion that in those cases in which their decisions are in favor of the laborers, the manufacturers have only submitted to the decision because they were ready from the first to yield, and only sought for a fine form in which to submit.

The English Experiences.—But it is a pity that this assertion, founded upon no single actual precedent, totally undemonstrable, can be refuted out of the authorities. We have the express testimony of Mundella before the English Commission for the Investigation of Trades Unions, as also in his speeches, that manufacturers only against their will and only under the pressure of public opinion yield to an unfavorable decision of a

court of agreement, to the terms of which decision they would in advance have submitted without a murmur. We have the testimony of Kettle of violent controversies between parties, which had to be settled by impartial umpires. But how do these controversies and the testimony that manufacturers always yield to the decisions of the courts agree with this hypothesis? Before all, how does it agree with this hypothesis that the English court of agreement is a permanent institution, which is not first formed in isolated, concrete cases of controversies, but which permanently regulates all relations between manufacturers and laborers, before which, accordingly, all matters must be brought, indifferently whether the manufacturers from the start were ready to yield or not, and that up to the present time all decisions of these courts have been carried out? Indeed, all those arbitrary presumptions appear either as entirely frivolous or as the refuge of despair, like those theologians who, in order to save their doctrine, deny that the earth revolves round the sun. But all these presumptions would be superfluous, the possibility of the regulation of the terms of labor by courts of arbitration would become evident, if people would only consider what is the special function of the courts of arbitration.

The Business Nature of the Labor Contract.—Indeed, in courts of arbitration the appeasing of excited feelings is had in view when without this all further action would be impossible. But the characteristic function of the courts of arbitration consists in this, to establish matters of fact and from these to draw conclusions. But let us test systematically the doctrine that it is impossible to regulate the terms of labor by courts of arbitration.

What kind of business do employer and laborer con-

clude in the labor contract, simply by whom and how its terms shall be established? Both parties conclude a sale of something to be delivered. The laborers sell, at a price fixed to-day, a commodity to be delivered in the future, just as iron is sold which is yet to be smelted, yarn which is yet to be spun, a house that is yet to be built, or a ship's cargo which is still upon the sea. The employers who hire laborers for a definite time at definite wages sell this counter performance, to be delivered against the commodity to be furnished by the laborer. Both parties obligate themselves to this in such a way that they can be compelled—the laborer to perform the labor promised for the sum agreed upon, the employer to purchase it at the stipulated wages. It is entirely indifferent whether the laborer afterwards considers these wages as not sufficient, it is entirely indifferent whether the business can bear the wages agreed upon, the state protects the claim of each one of the two parties, so that the other must fulfil his obligations.

Alleged Attacks upon Liberty and Property.—

But is this compulsion indeed an attack upon personal liberty and the rights of property? And if not, wherein consists the difference between this compulsion and the following: namely, to submit to the terms of sale of labor fixed by a court of arbitration to whose decision one has voluntarily subjected himself? In this forsooth, that without a court of arbitration it is always one party who dictates to the other the terms of sale, whilst the terms of sale which the court of arbitration establishes proceed from a consultation of both parties. In the compulsion upon the parties to subject themselves to the decision of a court of arbitration chosen by themselves, there cannot possibly be found an attack upon liberty and the rights of property, otherwise every labor

contract, every sale of goods to be delivered—in general, every obligation voluntarily entered into—would prove such an attack.

Or does it forsooth make a difference, that in the court of arbitration it is not the contracting parties themselves, but delegates freely chosen by them, perhaps even the test decision of the impartial umpire, which fixes the labor terms? But do not numberless sales take place daily whose terms are fixed not by the parties themselves, but by third persons, and in spite of this are binding upon the parties? Are not daily a multitude of transactions concluded upon the stock exchange at the stock quotations of the day, and are not the stock quotations of the day established by a third disinterested party taking no part in the transaction, upon the ground of inquiries at his command, rather than by the parties themselves? In the sale of liquors, for example, are not contracts made many months in advance in remote provinces at a definite stock quotation of the day of a definite stock exchange? Purchaser and seller submit by such an agreement for a definite length of time to the determination of the commissariat of the stock exchange, and no one thinks of calling the compulsion arising from such contracts to buy or to sell at a specific price an attack upon liberty and property. And the courts of arbitration have no other function than that of the commissariat of the stock exchange. For their task is not to persuade the parties to come to a settlement; their task is to establish matters of fact and to draw conclusions from them.

The Task of the Courts of Arbitration.—What are the circumstances in the courts of arbitration?

Either laborers require an increase of wages by a definite per cent., because they maintain that this their

demand is justified by the state of the market ; the employers, on the contrary, maintain that the state of the market either in general can bear no increase of wages or only a less increase. Or the employers give notice of a reduction of wages upon the ground that they cannot continue work profitably at the existing rate ; the laborers deny this, and maintain that with a reduction of wages it will be impossible for them to procure what is indispensable to their standard of living. Without courts of arbitration there would occur now a strike or a lock-out, and according as the statements of the one or the other party were correct, the result of the strike would be the victory of the employers or laborers. If the market will bear the increase of wages demanded by the laborers or the continuance of the former rate, employers will at last be ready to satisfy these demands. If the market will not bear the increase of wages or the continuance of the former rate, the employers will not again resume business until the laborers submit to the terms offered them. But much money is lost upon both sides, many deprivations are borne, much hatred and exasperation engendered until this result is reached.

The Transactions in the Courts of Arbitration.

—In the courts of arbitration, on the contrary, both parties give the reasons which they have for their demands and for the rejection of the demands of the other party. These reasons consist partly in deductions from general principles, partly matters of fact are made available for the support of the opinion stated. An effort is made to invalidate the deductions of the antagonist. He who appeals to matters of fact must prove them. For this purpose, according to the statutes of Kettle and the English law of 1872 governing courts of arbitration, they are empowered to compel the attend-

ance of witnesses and the production of documentary evidence, in the form of account-books, etc. And in the English iron industry, for example, in which wages are adjusted to the market-price of iron, where courts of arbitration exist, comprehensive investigations are constantly made to ascertain the true market price. These careful researches show, as a rule, that the statements of neither party are exactly correct, or that they do not fully exhaust the subject-matter, and the consequence is, that only rarely does either of the parties establish fully its demands. The consequence of these investigations into facts on the part of the courts of arbitration is this : that for the most part no voting at all is necessary in order to come to a decision, since the proofs of the parties make the matter evident. But if after such particular investigations, the parties cannot come to an agreement on account of preconceived views and wishes, it is perfectly right and economically permissible that an impartial third party should decide. For after such a production of all possible materials it is perfectly possible to decide from the statements adduced what is just, and to draw the conclusions resulting from this. The decisions of the courts of arbitration lead to the same result as the price conflict of the parties, as strikes and lock-outs, only without the disadvantages which accompany these.

Mundella has given an interesting account of the manner in which these transactions between employers and laborers in the courts of arbitration are conducted, and in which these latter furnish laborers the publicity which stock exchanges give to the sellers of other commodities. "It is entirely correct," he relates, "that we sometimes have to combat strange views of a newly admitted delegate. I have witnessed the fact that an inexperienced member argued in the following manner : 'We are all

good friends, and since all employers pay the same price, what difference would it make if wages were higher by a shilling on the dozen? A penny more for a dozen pair of stockings is of no consequence to the consumers, and for us laborers it would make a great difference.' A little patience and some argument showed what was erroneous in such views, and it is easier to answer questions and to transact business over a table than in the excitement of a strike or lock-out, when machinery is standing still and wives and children are starving. If Nottingham had a monopoly of the stocking-weaving business, the arguments of the delegate would have some weight. But the French and German commodities are placed upon the table. It is made clear to our friend that two-thirds of our products are exported; that if we by enhancing the price of the product by a shilling lose the export trade three or more men will be there to do the work of one, that our foreign competitors will claim a part of our home demand, and that under a system of free trade they can even rob us of this. Arguments like these are not to be withstood, and the English laborer when they are brought clearly before his eyes, values them just as highly as his employer. During the last year the Branch of Handiworkers of the Three Counties held a meeting to take under consideration the question of wages. This is a branch in which a great number of skilled laborers are employed, who are badly paid. The ground of this is that this branch is immediately exposed to the competition of French and German handiworkers. The meeting sent to the court of arbitration a committee to demand an increase of wages by twenty per cent. Without the court of arbitration this demand would have been rejected, and in all probability a serious strike would have been the consequence. The desirableness

of the increase was at once recognized providing competition would allow it. But the laborers were assured that this was not the case, and that they might satisfy themselves of this two were sent to France and one to Germany to learn there the prevailing prices. The result of this investigation was that the delegates of this branch declared they agreed with employers that the existing rate of wages should for the present be retained."

A Case Hard to Decide.—But it will perhaps be objected that in all the cases thus far discussed the one or the other party has always in its demands been entirely or mainly in the right. But the advantage of the office of arbitration must appear questionable so long as it is not made good for cases in which both parties might be in the right. Suppose, for example, relations as they existed in the strike in the plow factories at Berlin in 1872. The manufacturers maintained that they were not able to increase wages without endangering the profitableness of the business; the laborers maintained that at the existing rate of wages they were not able to live. Both statements were correct. Suppose now both parties had from the first bound themselves to submit to a decision of a court of arbitration. This decision might have been in favor of the laborers or the employers. If it had been in favor of the employers, the laborers would have resumed work again, but each individual would have sought an opportunity to find a better situation, and as soon as he had found this, no one could put an obstacle in the way of his departure. If the decision had been in favor of the laborers, the employers would have had to calculate higher prices for those giving them orders, and since in consequence of this, with the prevailing competition, the orders would have come to a sudden end, the occa-

sion would have been presented for closing up the entire business, what indeed might have happened with advantage under the high price of real estate found in their possession. "Logical deductions of this kind can be overthrown by no experiences derived from English conditions."

This entire deduction, indeed, would be as weighty as those suppose from whom it originates, if in the case in which the assertions of both parties are correct the court of arbitration had to decide for the one and against the other of the two parties. But in this case the decision would simply have been that an industry had no justification in a place where the land has so high a value and the means of living so high a price that it is impossible, from the proceeds of the business, to pay to the capital invested in production the necessary profits, and to the laborers engaged the necessary wages, that therefore it would be necessary to transfer the respective industry to another locality. "And what would be the course, if no decision of this kind of a court of arbitration should prevent the occurrence of a strike? Either the manufacturers would compel the laborers to accept their terms or *vice versa*. If the former should take place, and if the industry should continue to be conducted in the respective place, this success would show that the statements of the laborers were incorrect; in the reverse case, by the success of the business the incorrectness of the statements of the manufacturers is proved. But by means of an exact investigation the court of arbitration would have been able to prove the incorrectness of the one or the other statement, and the strike would have been avoided. But if the laborers with the highest wages which the factory is able to pay cannot really maintain their standard of living, and if the factory

really does not prove profitable when there are paid to laborers wages which allow them to maintain this, whether the one or the other party has come out of the strike victorious, it will always be impossible for the respective industry to continue to be conducted in the questionable locality. Accordingly, it is indifferent whether an agreement or a strike occurs, indifferent whether employers or laborers come out of the strike victors, the final result will be the same. Only the court of arbitration, by well calculated working, with saving of exasperation and deprivations, leads to the same result which blindly governing natural laws produce through the struggle for existence. But those who, from the fact that what a court of arbitration prescribes would always take place of itself, draw the conclusion that therefore the court is useless, by their saying nothing of the fact that the court, with the saving of exasperation, deprivations, and losses, leads to the same result, justify the conclusion that they lay no stress at all upon this saving.

Economic Justification of Courts of Arbitration.

—In this, that the courts of arbitration by their decision, without the disadvantages which accompany the price conflict, lead to the same result as this does after weeks and months of exasperating and expensive suspension of business, lies rather their economic justification. If the previous submission of the parties to a court of arbitration formally, that is legally, justifies that they be compelled afterwards to obey the sentence of the same, this is materially, that is economically, justified by the fact that the parties, if they had not submitted, would have arrived at no other labor stipulations than those which the sentence of the court prescribes. Since this is precisely the case, it is also economically possible to insist upon the execution of this sentence.

Finally, a few remarks further upon the assertion of the opponents of courts of arbitration, that for a given case of controversy mediators chosen by both parties are better calculated to establish peace than courts of arbitration, which exist as permanent institutions. According to the experiences had in England, the attempts at mediation on the part of umpires, who were first chosen for the settlement of a given case of controversy, regularly failed. And nothing is more easily understood. If the quarrel has first broken out, the passions are inflamed. Each party believes itself to be in the right and to be certain of victory, and compliance first takes place, when heavy losses have sobered their spirits. It is different with courts of arbitration, which do not decide upon present controversies in the concrete, but avoid such, because the parties come together periodically in order to agree upon the terms of labor for a definite duration of time. Even in connection with this coming together there is often diversity of opinion which must be adjusted by the verdict of the impartial umpire.

The Choice of the Impartial Umpire.—But further, far from the fact of its being true that an umpire, chosen after the breaking out of a quarrel, would find it easy to establish peace, an umpire acceptable to both parties at the given moment could not be found at all. If the quarrel has already begun, every one is or is supposed to be favorably disposed toward the one or the other party, and each party will wish to select an umpire favorable to itself, wherefore the agreement will succeed with much difficulty. Here again experience, instead of *a priori* deductions, may serve as a proof. Rupert Kettle says: "A maxim relative to the nomination of the arbitrator I regard as very essential, namely: that he be chosen before a quarrel has been kindled. Considerable

difficulties and great excitement of the feelings have arisen when the statutes of a court of arbitration provided that only in case of a tie vote should an impartial umpire be chosen. The best plan is to choose the umpire periodically, and let him remain for a definite time, for example, for a year in his office." But if the difficulty recognized by Kettle for an already existing court of arbitration stands in the way, how much greater would the difficulty be for two hostile camps, which were not yet accustomed to intercourse with each other through the mediation of a court of arbitration? On the contrary, it would be much easier in quiet, peaceful times, to find an umpire acceptable to both parties, and the man who has the confidence of both, chosen in the quiet times, will enjoy that confidence still after a quarrel has broken out.

Economic Importance of the Courts of Arbitration.—If we after these discussions collect together the chief characteristics of the economic importance of the courts of arbitration, as their first function it is to be made prominent that for the commodity of labor they are what an open market is for other commodities. But what is to be understood by a market? Certainly not a number of purchasers and sellers of whom each one is excluded from all knowledge of the transactions conducted by the others. By a market is to be understood something like a stock exchange, a meeting of numerous purchasers and sellers, who while they are negotiating with each other communicate to each other the conditions which have influence upon the price. The perfect market in this sense is the stock exchange. The corn exchange, the cotton exchange, the iron market are similar to this, and, indeed, all markets in which raw products are openly sold at a definite time and place. The com-

modities sold in such stock exchanges find their market-price in mixed meetings of buyers and sellers, who are both in possession of all information, which has importance for the establishment of this market-price.

But, as Kettle makes prominent, whilst the farmer can become acquainted with the changes in the price of corn and meat by the transactions in the shambles, whilst the cotton spinner in his exchange can find out the prospects of the day of No. 32 twist to the fraction of a penny, and the iron manufacturer is able, day by day and hour by hour through the telegraph to know how to make contracts and what the needs of the world are, the laborers are scattered. Only by gossip, which for the most part exaggerates, only by newspaper reports which are frequently inexact, can the laborer learn anything of the price and the demand for the product from whose price he is paid; frequently he has even to do with reports of prices which are manufactured for him on purpose. He finds himself, accordingly, in the condition in which the frequenters of a stock exchange would find themselves if they had no opportunity to correct reports spread abroad by lying speculators. For labor there is no open market. the sellers of labor have as yet lacked that publicity which the sellers of other commodities possess. In the sale of labor as yet there has been wanting those authentic reports, and the discussions of the same, which influence the transactions by which the market-price is fixed,—indeed, determine them. The courts of arbitration furnish a substitute for the labor stock-exchange.

After the courts of arbitration have ascertained all the conditions which are determining in the market-price of labor, it appears according to the foregoing discussions as their second function to fix the market-price of labor corresponding with these conditions. If in this the pur-

chaser and seller of labor cannot come together, the presiding impartial umpire fixes what market-price corresponds with the investigations made, just as the commissariats of the stock exchange, for the most part chose. from the number of stock-exchange umpires, fix the quotations of the day of other commodities. And the rate of wages fixed by the court of arbitration for a definite period is then during this period of time the price current for all who have subjected themselves to a court of arbitration.

But the chief importance of the courts of arbitration consists in this, that this price-current which otherwise would be determined only by tedious price conflicts, which would bring with them the severest losses for both parties, inflict upon them great deprivations, and fill the classes of society with hatred and exasperation against each other, that they ascertain and fix this price-current and at the same time avoid these economic and social disadvantages.

But in addition to these advantages there are still other practical advantages connected with this establishment of wages by the courts of arbitration. By the fact that they always fix wages for a definite time, the employer is enabled to conclude his contracts upon the basis of a definite rate of wages, the laborer to regulate his house-keeping upon the foundation of a certain income. But solid employers as also laborers have from such a regulation of wages the further advantage that by it they are protected against conscienceless employers who seek to establish themselves in business by underselling their competitors at the expense of wages.

Other Regulations of the Courts of Arbitration.

—Yet if wages are the most important they are not the sole future labor conditions from whose establishment controversies between employers and laborers occur.

There is no labor stipulation which the courts of arbitration when necessary do not take under consideration. As example we may mention : the establishment of the hours of labor, the determination of a free Saturday afternoon, the computation of payment of wages, protection against storms during labor, the quality of metal produced in the iron industry, the rapidity of machinery and the moisture of yarn to be weighed in the cotton industry, the rebate in wages on account of commodities spoiled in the potter's industry, etc. The court of arbitration settles such matters not only when they come into question between an individual laborer and his employer, but it promulgates rules upon the subject to which, as just to both, the entire industry submits. The individual employer is now not able under pressure of competition to lay upon his laborers harder conditions than those which prevail in the entire trade, nor have the laborers an excuse when entering into the service of a new employer for refusing to undertake the usual obligations of the business.

CHAPTER X.

LEGAL EQUALITY OF EMPLOYERS AND LABORERS.

YET the courts of arbitration decide not only controversies as to the fulfilment of an already existing contract, they not only smother in embryo controversies as to future labor stipulations which are difficult to be settled, they decide the disputes, so called by Kettle, on account of injuries to the feelings. By them the fundamentally recognized equal right of laborers as sellers in the determination of the price stipulations of their commodities to give their opinion, just as the employers purchasing the same, obtains the practical recognition which was legally established with the repeal of the Law of Apprentices in 1814 by the English legislature, and since that time by the legislatures of all civilized countries. Employers and laborers come together in their meetings on a footing of perfect equality. Every appearance of authority and inferiority, which suggests the former relation of master and servant, is carefully avoided. Both parties meet each other solely as sellers and buyers, and sellers and buyers stand on an equal footing socially. By this means the courts of arbitration become institutions of universal importance. They are a step forwards toward the establishment of a moral condition, in which the theoretical recognition of the equal rights of men may be expressed in the conduct of men toward each other, a condition which we have not yet reached, but towards

whose attainment it is our duty with sacrifices and exertions to strive.

Quarrels on Account of Hurting the Feelings.—

The refusal of the recognition of this equal right of laborers on the part of employers has very frequently led to the most exasperating conflicts. When laborers seek to make good their equal right recognized by law, in fixing the labor terms to have a word to say, employers call this, as Kettle states, "dictating." Actual dictation of the employers then takes the place of the alleged dictating of the laborers. "I am the master, you are the laborers," cries a great English manufacturer of machinery before the Royal Commission for Trades Unions, and establishes with this that he alone is to fix the terms of labor. The laborers reply, "We are no slaves!" The point of the original controversy lies entirely outside of our consideration. There follows a strike or a lock-out. The entire laboring class takes part. They trouble themselves no more about the right and wrong of the question at issue. It becomes them now only to withstand "the tyranny of capital." The blind enthusiasm of a rebellion takes the place of the sobriety with which an industrial controversy ought to be settled. "Dictation," says Kettle, "is a word which has cost the industrial population very much."

But not only intentional spurning on the part of employers has occasioned such controversies. Even employers who are ready to recognize the equal right of laborers have, since this recognition was not expressed outwardly through corresponding forms, by an inconsiderate word or deed, in which no kind of disregard was intended, frequently occasioned tedious conflicts. Like all classes struggling up, who for a long time as a class have to suffer under inequality of rights and in their

honor, the laborers are all the more sensitive to every kind of disrespect since their equality is recognized by the legislature. "No more useful advice," says Rupert Kettle, "with respect to this can be given employers and laborers than this which prudence or, to speak more correctly, duty emphasizes, to conduct one's self respectfully and generously toward others. Mistakes in form in these cases are mistakes in substance, and all possible solicitude by which they may be avoided will be richly rewarded. An example will serve to illustrate the excellence of this advice. When the mining industry of South Staffordshire had been shaken by the great strike of 1865 and losses had been suffered sufficient to show that both parties were thoroughly in earnest, it was agreed that representatives of the employers and the laborers should come together. The meeting was fixed for a definite hour in one of the best hotels of the neighborhood. At the designated time the representatives of the laborers were at the place of meeting. They were shown into a festive apartment in which the employers had assembled several hours before. The laborers found the representatives with whom they were to negotiate on an equal footing already sitting at a long table with writing materials before them, under the presidency of their speaker. The representatives of the laborers were pointed to a seat at the end of the room, the place prepared for them. They sat there and twirled their hats. After all had taken a seat under the scrutinizing glance of the ten employers, the speaker of the employers opened the meeting with, "Now, fellows, what have you to say for yourselves?" This question cost the district an incalculable sum of money, positively £10,000 sterling. It was, indeed, nothing less than a public calamity. Yet the speaker of the employers had not possibly the intention

of wounding the sensitive pride of the laborers, for he was naturally exceedingly benevolent and amiable."

All these evils are removed by the courts of arbitration. The recognition of the equal right of laborers in the sale of their goods to have a word to say is their fundamental principle. Moreover no social privilege in them is made available for employers. In order to avoid the appearance of inferiority of the laborers, they and the employers bear the expense which the courts occasion in common. Both parties express with the utmost freedom their opinions upon their mutual, individual, and collective transactions. In spite of this, it has never been heard, as is expressly reported, that an employer or a laborer has come to harm in consequence of the free and honest expression of his opinion.

Courts of Arbitration and Legal Equality.—

But the equal right of employers and laborers upon which the courts of arbitration rest, and which in them also formally obtains recognition, stands at present most in the way of their extension. "The pride of man," says Adam Smith, "calls forth in him the lust of power, and nothing vexes him so much as to be obliged to condescend to persuade those who stand below him." This proposition is still true to-day. The inward incapability of employers sincerely to recognize the laborers as sellers of commodities, with equal rights with the purchasers, is to-day the greatest obstacle which withholds employers from giving their consent to the establishment of courts of arbitration. One cannot put up with the fact that with the transformation of the old patriarchal relation between employer and laborer into a purchase of commodities, not only the former duties of the employer, but also the privileges which these gave have disappeared, that it is an untenable contradic-

tion on the one side to treat the laborer solely as a seller of commodities, and on the other side to refuse to recognize him as having equal rights in fixing labor stipulations.

This shows that the labor question, just as it is a question of the education of laborers, is also a question of the education of employers, and, indeed, as well of their moral as of their intellectual education. But it would be a vain task if one should try, by emphasizing ethical considerations or by pointing out the impossibility of withholding from an upward tending class the application of the principles upon which the social and political order of to-day rests, to move the mass of employers to an unreserved recognition of the equal rights of laborers. Many would withdraw entirely from business rather than resolve upon such a recognition. Only bitter experiences, only the severe losses which stubborn strikes and lock-outs bring, can produce among the mass of employers the disposition of mind necessary to the recognition of the equal rights of laborers. Just as the laborers of industries in which courts of arbitration already exist have achieved the recognition of their equality of rights by courage, perseverance, and deprivations, so also the laborers in other industries must first obtain their rights by fighting, in order to possess them.

CHAPTER XI.

RETROSPECT.

LET us look back upon the result of the investigations of this book.

We laid stress upon the fact that the course of ideas since the eighteenth century had recognized the equal right of all social classes to a participation in civilization and its progress, and that modern legislation awards to laborers the freedom of realizing their right and of making their laboring power useful at their pleasure. In spite of this liberal legislation there exists still to-day a labor question. The difference in degree in which the wealthy and the poor take part in civilization becomes greater. Laborers become more dependent than before. They feel keenly the contradiction existing between the direction of thought and reality, and demand its removal.

Foundation of the Labor Question.—Economic conditions were shown as the foundation of this contradiction, and consequently of the Labor Question. The idea which lies at the bottom of modern legislation that the laborer is a seller of commodities whose commodity differs from others in no particular—this conception is erroneous. Labor is distinguished from other commodities by its inseparability from the person of the seller; and this peculiarity, connected with the uniform poverty of the laborer, effects that the establishment of the

terms of sale of labor, where laborers are not organized, is placed entirely in the hands of the employer. But on account of the inseparability of labor from the person of the laborer, he who fixes the terms of its sale, determines also the entire physical, moral, and social existence of the laborer. In consequence of this dependence of the laborer upon the employer, the employers determine the measure in which the laborers obtain a part in the blessings of civilization. The distress of the competing laborers continually lowers this measure. Only there is a limit below which their lot cannot sink, and this limit is fixed by deaths carrying off the laborers when they obtain a smaller share of the goods of society. Laborers themselves, however, are without any influence upon the terms of sale of their commodity, and entirely unable to increase their share in civilization.

Labor Legislation.—This contradiction between the actual condition of unorganized laborers and their justified claims is, as we have seen, without offending against the principles of modern legislation, indeed, rather by carrying out the same, to be removed. The modern legislation regards the laborers as independent men, with full freedom of disposal of themselves, and therefore, for the improvement of their condition, relegates them to their own self-help. It is not in contradiction with this idea, but a supplement to it, that the legislature there, where minority and natural weakness encroach upon this independence, removes in individual cases by special provisions the disadvantages of the connection of labor with the person of its seller. Therefore, the factory laws and other similar laws. But to men of full age the fundamental principle of the modern legislation gives to individuals the absolute right of disposal of themselves and what is theirs, the right to unite for the purpose of

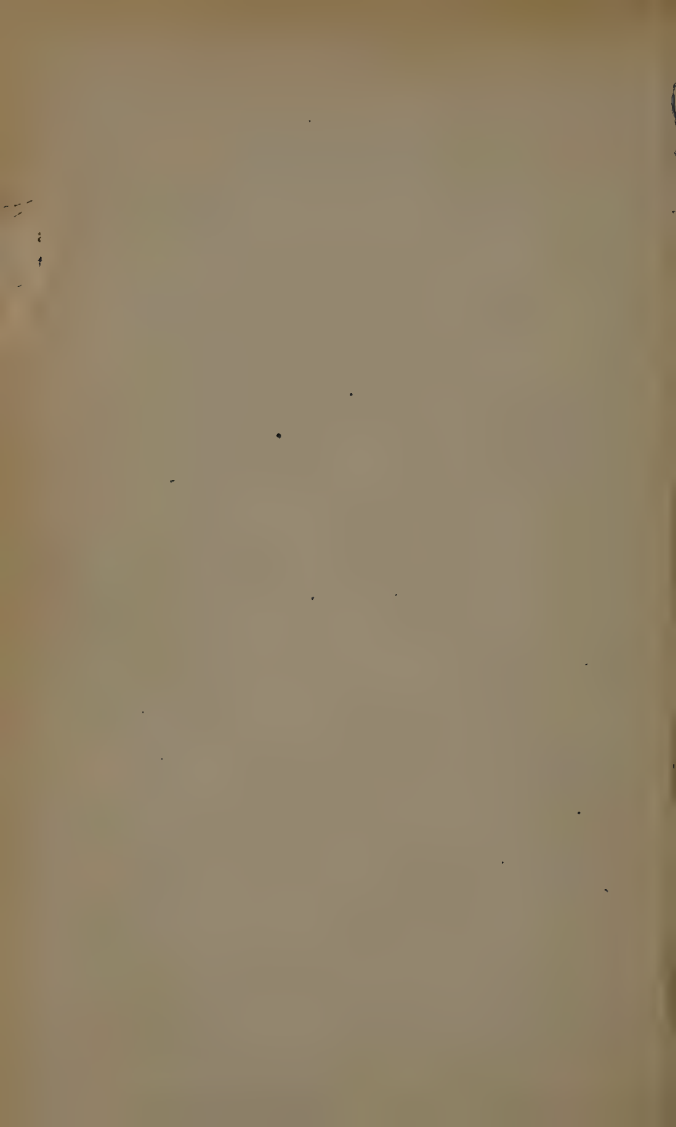
guarding their interests and by the organization of laborers into trades unions, as we have seen, the condition is realized from which the modern industrial regulation proceeds, and the possibility given to come nearer to the goal which the progress of thought of the century has placed before laborers.

Trades Unions.—By the organization into trades unions the laborers are enabled, as was shown, to offer their labor with reservation, and to obtain, in general, influence upon the supply of their commodity. They really became capable, like other sellers in the sale of their commodity, to express an opinion. They acquire the freedom of disposal of their labor and of themselves which the legislature awards and attributes to them. In that the trades unions enable the laborers to remove the injurious effects of the inseparability of labor from the person of its seller, by them, instead of the laborer, labor becomes a commodity and the laborer a man. By an increase in wages it becomes possible for laborers to elevate their standard of living. Now they are responsible for the measure in which they take part in civilization, for now they are able to increase their share in the same. But with the organization of the laborers into trades unions the idea of labor and the laborer, which lies at the foundation of the modern legislation, is not yet fully satisfied. Through trades unions labor becomes, indeed, really a commodity; the laborers obtain like other sellers influence upon the supply of their commodity, and can, as having equal rights in establishing the terms of sale, procure recognition of their right to give an opinion. Through trades unions laborers become independent, and are able to elevate their standard of living, and to obtain a larger share in civilization and its progress. But in addition to all this, it always needs the threat, or

the fighting through, of a stubborn conflict. Labor still lacks a stock exchange, where all intelligence which has influence upon its price is collected together, so that this price, as in the case of other commodities, results of itself from the discussions of the condition of the market on the part of sellers and buyers, without stoppages of production months long, without exasperation and deprivations. There is lacking still for the laborer the recognition of his equal right in the sale of his commodity to have a word to say on the part of the purchaser of the same, on the part of the employer. The laborer obtains both for the first time in the courts of arbitration.

The Relation of Labor to the Law of To-day.—

For the first time in the courts of arbitration is the industrial right of to-day fully realized. Here for the first time is labor treated as a commodity, the laborer as an independent seller of a commodity; here for the first time the legal equality of employer and laborer becomes a reality. But by the realization of this state of the law of to-day, as our discussions show, that contradiction between the economic and legal relations of laborers, between their claims recognized as just by the century and their actual condition,—that contradiction, which constitutes the Labor Question of to-day, is for the first time entirely removed.



CLOSING CONSIDERATIONS.

CHAPTER XII.

THE SOLUTION OF THE LABOR QUESTION.

WE stand before the last part of our task. We have presented the predecessors, the origin and development of the labor question, and have investigated the economic principles of its existence to-day. It is now necessary to fix upon the means for its solution. To many writers upon the labor question this part of their task is the most difficult. For us the solution of the labor question results of itself from the foregoing discussions. For if these discussions are correct, they must also give the explanation as well of the aim of the labor movement as of the means for its attainment. Let us, accordingly, appeal to these discussions first for this aim, or better, let us ask first for the goal in the development of humanity.

The Goal of the Development of Humanity.—The final goal in the development of humanity is hidden from us. Whoever assigns a definite goal for this development grasps it only by faith. But if knowledge relative to this goal is denied us, yet not every scientific conjecture with regard to the direction in which human development is tending is excluded. We know a good part of the way of humanity already trod, and this part shows us a progress of humanity in a certain direction moving forward, indeed, not in a straight line but in curves.

And what is this direction? History shows us the rise and fall of nations. It shows within individual nations the appearance of social classes, their blossoming out, their control and their overthrow. But it shows us that none of these nations have lived in vain, none of these social classes have governed without doing good. Each one of these nations, each one of these classes seems rather only to have blossomed forth and to have governed in order to realize a determinate idea in civilization. And if at their fall this idea is for a time obscured, such an idea is never wholly lost. We find it rather after the expiration of a greater or less duration of time as the lasting possession of a greater part of humanity than before.

This is the history of the nations of antiquity—for example, of the Jews, of the Greeks and Romans; this is the history of the Germanic nations who destroyed the Roman Empire; this is the history of modern European nations and their changing preponderance. This, further, is the history of classes within these nations. Not that all these classes and nations have not mainly lived and worked for themselves. Without this they never would have developed a new thought at all. But just as the performance of each individual, who works only for himself, becomes a contribution to the development of the whole, individual classes and nations, whilst in their own peculiar way they have lived for themselves, have developed thoughts to a certain degree of perfection, that these thoughts might later become the portion of all. Like every individual so is every class and every people, only the vessel in which an idea of civilization is generated which is for the good of the whole human race, and all past generations seem only to have lived that future generations, rejoicing in a greater de-

velopment of the capabilities of men and of nature, might come nearer to the ideal of human existence. Whilst humanity in this way at first produced among a few an ever higher civilization whose blessings became the portion of an ever greater fraction of the whole, we see it progressing in a direction whose ideal goal is the highest perfection of all.

But, as a matter of course, this does not mean that humanity is progressing to a perfectly equal development of all. Men are born unequal in bodily and spiritual capabilities, and even supposing the doubtful case, that the human endowments in the course of a thousand years' civilization are increased according to the principle of natural breeding, the difference between the distinguished, those endowed with average capabilities, and those below the average will ever remain. The highest perfection of all can be nothing else than the greatest possible perfection of each individual. It can therefore never lead to an equal development of all, but only to the greatest possible development of the talents of each, and every one can obtain a share in the acquisitions of civilization only corresponding with his endowments. Accordingly no change can be made in the existence of differences among men; but the development of humanity can be of such a character, that these differences, since the capabilities of the one supplement those of another, instead of separating, unite and harmoniously accord in a life of the whole, rich in variety, in which each one, corresponding with his talents developed to the highest degree of civilization, takes part in its united blessings. This goal, indeed, cannot be the final one; and what is the goal of this development itself will forever remain undiscovered.

Aim and Limits of the Labor Movement.—

With this discussion is given the aim and limit of the labor movement of to-day.

First as to the aim ; we have seen in the first book that the labor movement is only a link in a chain of movements, all of which serve the purpose of human development. It has its immediate predecessors as well in the development of cities as in that of states ; it has as its nearest prototype the pressing forward of the owners of personal property to a participation in civilization whose possessors and representatives had been the landed proprietors. As at that time the equal position of movable capital and property in land was the question of the day, so the question of to-day is as to the recognition of the equal rights of labor and capital. In the course of centuries the movement aiming at this has been gradually developed, and the universal direction of thought since the eighteenth century has brought to consciousness the end aimed at in that this tendency of ideas recognizes the equal right of all social classes to a participation in civilization. This, therefore, is the goal the attainment of which is the point in question in the labor movement, namely, that in the progress of civilization the laboring classes may take part not only in the same degree as formerly, but that this degree may be increased in their favor.

But our discussion of the goal in the development of humanity fixes not only the aim of the labor movement but at the same time its limits. If the labor question appears only as a link in a chain of questions whose ideal goal is the highest perfection of all, if the labor movement appears only as a subordinate link in the development of humanity, it results at the same time, however, that it serves only ONE SIDE of this develop-

ment. It serves only to spread among the masses the acquisitions of civilization ; it does not serve to advance anew this civilization. If humanity as a whole and the laboring classes included are to come nearer this ideal goal, the progress of civilization itself is just as necessary as the participation of the masses in its acquisitions. This progress supposes inequality in the conditions of existence in society. Accordingly, the attainment of the final goal in the labor movement fixes limits to it, since the realization of the principle of social equality must always stop before the conditions which alone make possible a further progress of humanity.

The Labor Question and the Contented.—Three views spread abroad to-day diametrically oppose this view of the labor question.

The first is that of uncultivated landed proprietors and manufacturers, as well as short-sighted spiritual and material Epicureans. They deny in general the existence of a labor question, or define it as the question : How can we procure for ourselves a sufficient number of laborers at low wages and bring them back to the consciousness of the comfortableness of their condition in life ? They rejoice that there is a surplus of men in the most necessitous condition of life, for they fear that without these no one would be ready to perform the indispensable, servile, dirty, and common functions of social life. Who will cultivate our fields ? who will put our machinery in motion ? if the laborers obtain a part in the blessings of civilization, some think. The millions must plow, work as smiths and carpenters, that a few thousand may be able to study, cultivate the fine arts, and govern, cry others. As if to-day, still the masses, like the slaves of antiquity, only exist to form a vase to hold the flowers of the higher gratifications of life of a

few aristocrats! Since with the faith in an equalizing hereafter earthly injustices fade away, they point laborers to this faith as an indemnification for their earthly troubles. They love to confound the labor question with the poor question, to point to the impossibility of banishing poverty from the world, and, as Lange strikingly expresses himself, "they keep preaching to us what we a long time ago wore out with the shoes of our childhood: that there have been at all times nobles and wealth and social classes, that the masses have always existed to pray and to work, to suffer and obey; that reason and justice have always been mere ideals, and that all idealists, Plato with his state of reason at the head, have always in practice ignominiously suffered shipwreck!"

Lange has given an excellent answer to this view, but, on the whole, will a reply be rewarded? The spiritual children of this century do not need it. For is not this view the same as that of the French nobility when they cried out to Turgot: "The people of France are bound to pay us taxes and perform for us court service at our pleasure; this is a part of the Constitution which the king himself cannot change." Just as little as the French nobility bowed before the arguments of Turgot will the uneducated landed proprietors and manufacturers bow before the statement of Kant, that no man should exist only as a means to an end for others; that every human being, if he likewise works as a serving member for other purposes, at the same time must be recognized as an end to himself, as a sanctuary for himself. And are laborers indeed identical with beggars? Is the point in question in the labor movement indeed the destruction of all poverty existing in the world, or rather to prevent laborers from becoming beggars? Has any one who is not a fool

ever denied that there must always be people who do rough work, and is not the question rather what cultivation and standard of living farm laborers, smiths, and carpenters shall have? Further, is it not a monstrous thought that a faith which the cultivated classes do not share should permanently control the lower classes? And the more the old faith disappears, will not the refinement of the higher classes themselves be threatened if the unity of civilization is not preserved by training up the lower classes to a participation in its progress? The continuance of a civilization is never more imperilled than when rich and poor have no common interests, no common hardships, no common affairs, when a different direction of thought conceals the spirit of the one from the other, and the class of people excluded from all the higher gratifications of life awakens to the consciousness of its might and its higher destiny. The point in question is not in vain efforts to try to convince the lower classes of the comfortableness of their condition, but to be willing to do cheerfully what is imperative. "He who really in the full sense of the term recognizes man as man," as Lange strikingly remarks, "ought not to doubt upon which side he stands when the consciousness of a higher destiny is developed among the masses. It behooves him only to facilitate the transition into the new condition of things, to mitigate the conflicts, and to rescue what he can of the eternal goods of humanity."

The Ecclesiastical View of the Labor Question.

—The second view which is opposed to ours is that of the ecclesiastically minded, and especially that of the Catholic Church. Entirely different from the adherents of the view just discussed, they recognize a labor question with loud complaints. But the chief evil of the material distress of laborers and of their remaining behind

in civilization they see in this, that the moral rudeness necessarily going hand in hand with these estranges laborers from the Church. They denounce capital in as bitter, violent terms as the social democrats, but not, like these, because it withholds from laborers the earthly paradise, but because it robs them of heaven. It would be unjust to say of an organization, to which we owe the transplanting of civilization from the south to the north of Europe, that it is an enemy of all refinement. Just as the Church in the Middle Ages spread among the heathens material culture, because, without this, the barbarism of our ancestors would not have been susceptible of her doctrines, in the same way she is to-day the decided opponent of those who would like to let laborers live on in mere animal rudeness. But the effects of the progress of civilization since the Church planted her first seeds among the Germanic heathen could not bring her back from the mediæval ascetic contempt of earthly goods and profane culture. Advanced culture has emancipated itself from her, and since the Church would not give up her control over culture, now arrived at its majority, this culture has turned against her in a hostile manner. Wherefore, the Church condemns modern culture and its progress; wherefore, she sees the solution of the labor question not in the participation of laborers in this culture and its blessings, for this participation would estrange from her the laborers still remaining true, and not call back again those already fallen away. Her solution of the labor question is the conversion of the rich to the faith of the Church, that these by pious foundations may enable her by the expenditure of money and beggar soups to keep the laboring classes in adherence to and dependence upon herself.

Proceeding from the recognition of the true dignity of

man, this view of ecclesiastics is just as erroneous as the view of those who delight in an oppressed condition of laborers as the necessary pre-requisite of their leading themselves an existence all the more comfortable. Yet the chief arguments against this view of the Church lie outside of the scope of this book. They are directed against the truth of the doctrines of the Church itself. For manifestly the practical consequences deduced from the theoretical body of doctrine of the Church must stand or fall with these doctrines. That this is the case with the view of the Church of the labor question is manifest. According to the view of the correctness or erroneousness of the ecclesiastical conception of the world, the judgment must be for or against the ecclesiastical view of the labor question.

The View of the Social Democrats.—Finally, the view of the social democrats is opposed to our view of the aim of the labor movement. They demand not only a greater participation of laborers in civilization than formerly, but equality of participation on the part of all classes of society in the acquisitions of civilization, or rather the removal of all social classes and equality in gratifications for all. That each one may attain to the greatest possible harmonious development of his bodily and spiritual capabilities, they demand first of all equality in the conditions of existence for all. Especially do they require the abolition of private property in the means of production and of the right of inheritance. Property in articles of consumption, indeed, is the necessary physical and moral enlargement of the individual; but since each individual needs this property for the perfection and improvement of his personality, it also must be equally divided. But property in the means of production and the right of inheritance provide an unearned

income, and the obtaining of such an income is the most important factor of the growing differences in society and of the increasing oppression of those who do not receive it by the fortunate who enjoy it. Indeed, some of the social democrats are even ready to abandon all the acquisitions of our civilization in order that no inequality of participation in its blessings may exist, and they expect the development of a new unanticipated civilization, which shall surpass all former ones, from a condition in which this equality will be realized or in which a division of incomes according to merit will be established by the state.

This view of the social democrats is already condemned by the above discussion of the aim of the labor movement. If the ideal goal in the development of humanity, and with this that of the labor movement, is the highest perfection of all,—and in this also social democrats agree,—as already stated, an inequality in the conditions of existence in society is indispensable in order to approximate this goal. Without it there can be no progress in civilization. As Lange himself acknowledges, who has in view the abolition of property in land and of the right of inheritance, inequality in wealth, and the possession of an income not personally earned, are the indispensable pre-requisites for awakening a higher kind of thinking, for the culture of knightly qualities, the elevation of intelligence, and the increase of good taste. Even Lange recognizes the fact, that with equality in the economic conditions, humanity would never have elevated itself above the condition of the deepest barbarism. He knows very well that “for the sacrifice in producing preferred classes humanity has acquired patterns and models which it should strive to emulate.” But just as little as in the past, our civilization would

have been developed without wealth and inequality of possessions, just as little can the goods which make life desirable be increased in a society, all of whose members live from industry and whose acquisitions thus later are for the benefit of the laboring classes. But with this the obtaining of an income not personally earned, private property in the means of production, and the right of inheritance are justified. For it is indifferent whether the profits of capital and inherited income can be justified as the economic desert of those enjoying them or not, social institutions can never be judged solely from the abstract standpoint of right; they must be judged positively, according to their effects. Indeed, in so far as those favored with the possession of the means of production, and by the right of inheritance fulfil on the whole the social duties inseparably connected with these advantages, they earn, in a certain sense supplementary, the income not obtained by personal labor. Social democratic writers, indeed, think that the high bourgeoisie¹ do not show the least inclination to fulfil these social functions, and with few exceptions they do not educate their children to anything higher than mere handiwork. But, if the first is correct for an unfortunately very great number of its members, a glance at our circle of writers, artists, scholars, and officers is sufficient to show the incorrectness of the second statement. But it is sufficient for the justification of the existence of private property in the means of production and of the right of inheritance, that only individual members of the bourgeoisie fulfil their social duties; for here, as everywhere in social life, the law of the over-production of seeds prevails, of which always only a few attain to full development. And an order of society, in which the upper

¹ Rich people of a city.

classes in this way adapt their virtues and performance to their income and property, effects a more just division of incomes according to merit and one more in harmony with individual freedom and independence than an order of society in which the state, according to the opinion which those in authority entertain of their merits, divides incomes among individuals.

These are the leading tendencies in the views of the labor question which oppose ours. Some rejoice in the growing differences in the conditions of life of the members of society, and wish at least to know nothing of the fact that any one is working against this progressive differentiation. Others deplore this development, but are far from wishing the elevation of the lower classes to a participation in the progress of civilization. The third class wish to annihilate all differences in society even at the peril of losing with this the acquisitions of the civilization of centuries. We are just as much opposed to extreme contrasts in the conditions of existence as to equality in the division of incomes. We opposed the first as the enemy of unity in our civilization ; we desire the co-existence of large, middling, and small incomes, because only thereby is a progress and a variety in civilization made possible. In short, the labor question appears to us as the task not of removing the differences in the social classes, but of reducing them to that degree which the harmony of the life of the whole requires.

Pulling Down the Higher Classes.—Our previous discussion has already shown the worthlessness of the efforts to attain this end by pulling down the higher classes, and according to this discussion not only the proposals, by the abolition of private property in the means of production and of the right of inheritance, to diminish the differences among the social classes, appear

objectionable, but also such increase in wages as does not lead to an elevation of the standard of living of laborers ; which, accordingly, only make worse the condition of the higher classes without bettering that of the lower classes. But without all and every repression of the higher classes, or without all and every hindrance of their advancement, the goal fixed cannot be reached. Just as objectionable as an increase of wages which without benefiting laborers damages the rich, so justifiable is an increase of wages which leads to the elevation of the standard of living of laborers at the expense of the wealthy. Without this, a participation of the laboring classes in the progress of civilization greater than has hitherto been made is not conceivable. Malthus has already answered those who desired this greater participation, but who break out in complaints against the injury of the higher classes by it. "It is manifest," he says, "that the rich, when they are not willing to put up with the inconveniences which are inseparably connected with the substantial and permanent improvement in the condition of laborers desired by them, according to their assurance, cannot be in earnest with this assurance. Their benevolence toward laborers is then either childish play or dissimulation, serves either only for their amusement or to make the ordinary man content with mere attestations of attention. Once to wish really to improve the condition of laborers, and to enable them to procure a greater quantity of the necessities and comforts of life, and again to complain of high wages is exactly what the foolish youth does when he gives away his cake and immediately thereafter whining demands it back again."

The Elevation of the Lower Classes.—To the degree accordingly, but also only to the degree, in which

the repression of the higher classes is necessarily implied in the better training up of laborers to a participation in the blessings of civilization can this pulling down of the higher classes be sanctioned. Accordingly, it behooves us always to elevate the laboring classes in order to diminish the differences in the social classes. This elevation must extend to various spheres. But what are these spheres, in which a better training up of the laboring class to a participation in civilization is imperative, in order to realize the harmony in the collective life of a nation ?

The Elevation of the Material Condition of Laborers.—What is most imperatively needed is an improvement of the material condition of laborers. This is in part imperative, because their material condition in many ways is unworthy a man in our century. But this is further necessary, because without an improvement in his material condition we cannot think of a moral and intellectual improvement of the laboring classes, nor of the satisfactory performance of their duties to society and the state. Indeed, the attempt has been made recently to deny this ; people are incensed at the statement that virtue and intelligence are dependent upon the circumstance of property. For the most virtuous men and the greatest spiritual heroes have sprung from the lowest ranks of society. But whoever has gone into the comparative study of the economic relations of the various laboring classes and their moral and intellectual conditions ; indeed, whoever has become acquainted with the statistical labors as to the connection between the price of provisions and crime ; whoever has read in English Blue Books upon the condition of laborers the frightful statements as to the wages of female laborers and prostitution, or whoever has heard of the results of

the investigation of Laspeyres as to the "influence of the dwelling upon conduct," will acknowledge that the statement, true in itself, that in every condition of life the virtues can exist and talent be developed, when used as a weapon against the demand for the elevation of the material condition of laborers, is perfectly dull. Certainly, who can deny that virtue and talents may thrive under all conditions! But what is possible to exalted natures, proves nothing for that which the masses of mankind endowed with average capabilities, as a matter of fact, reach. The middling stamp among men will always be corresponding to the condition in which they live. And if it is indisputably correct that the middle class in a modest condition of life can develop the deepest life of the affections and family happiness, yet the point in question in judging of this possibility is, how modest their condition in life really is. "On the whole," as Schmoller strikingly remarks, "the highest life of the affections, as the highest spiritual life, thrives best in those golden middle conditions which are found materially above the level of the condition of the factory laborers and farm laborers of to-day."

Improvement in the Income from Labor.—First of all, accordingly, an improvement in the income of the laborers is necessary; and, indeed, not only an increase in their revenue, but it is also urgently required that the insecurity and irregularity in their receipts, by which, as Hermann has very correctly remarked, "the families without means are most separated from the wealthy," be removed as far as possible. Without an independent certain income there is no individuality, no personality.

But with this is it said that the labor question consists in the task of removing labor without property as far as

possible entirely out of the world? A number of distinguished writers have given this definition, and among benevolent dilettantes this idea is found very often. Thus Lorenz von Stein, in his excellent book upon "Socialism and Communism in France," conceives the social question as the question how to realize equality in wealth. But was the social question which was formerly pending between movable capital and property in land a question how to realize equality in landed possessions? At that time the point in question was rather as to the equal right of movable capital and property in land to a participation in civilization, and as to the equality of their political rights and their social esteem and honor. And the question pending to-day is as to the same equality between an income from capital and an income from labor. But among those benevolent dilettantes the view that the point in question in the labor movement is how to banish labor without property from the world, is frequently connected with reminiscences of industry on a small scale. Manifestly they are thinking of the ownership of the means of production when they require that there be no laborers without property; for that the laborer must own the articles he consumes is self-evident. They know that the old handiworker was owner of his means of production; with the origin of modern industrial inventions, which have concentrated the means of production in the hands of a few large manufacturers, they see the origin of the labor question of to-day, and consequently they see its solution in this, namely, that the ownership of the means of production be supplied to the laborer of to-day. But just as erroneous as is this view of the origin of the labor question, so idle are their pains. Since the introduction of modern industrial inventions the time for industry on

a small scale has irreparably gone by, and the possibility of transforming all industrial undertakings into productive associations is an illusion. But even supposing all factories were changed into productive associations, with this an elevation of the standard of living of laborers would not yet be introduced. He who thinks of a solution of the labor question must boldly grasp the idea that so long as revolutions in industrial inventions not to be anticipated to-day have not radically transformed the methods of production, a relatively small and continually decreasing number of employers will continue to stand over against a great multitude of laborers who are not owners of the means of production. Accordingly, the point in question cannot be how to transform the laborer into a capitalist, but how to improve his condition in his character as a laborer, and to make his income from labor adequate, regular, and secure.

But not only an improvement in the income of the laborers is necessary in order to elevate their material condition. Laborers must also be able, like the other classes of society, to procure food, clothing, and shelter corresponding with advancing civilization. They must further, by shortening the day's work, be enabled to enjoy their larger income and by suitable recreation be able to recuperate their exhausted energies.

Importance of Unity in Civilization.—And not only does the elevation of the material condition of laborers demand a shortening of the day's work. If the harmony in the life of the whole nation is to be realized, there is needed before all things the elevation of the moral and intellectual education of laborers ; but without a shortening of the day's work no such elevation is possible. But without this elevation in his education there is no unity in civilization. And the unification of civili-

zation is so important to the controlling notions and ideas, that even the increase in the income of laborers is of importance only because a unity in civilization is not possible if the division of income is too unequal, and the contrasts in the orders of society too great. But the reason why the unification of civilization is so important is this, that it is this which moulds a certain division of humanity into one people, that no one is a member of the people except in so far as he regards himself as a member of this moral community, except in so far as he regards certain ideal goods of this community as higher than his individual interests. The state cannot require that the individual in the hour of danger sacrifice all things, his life, for the whole. What can he defend whose ideals are different from those of the rest of his people, who can claim no hearth as his own, and has no share in the civilization of a country and in its blessings? Wherefore, it needs a shortening of the time of work and the establishment of educational institutions of every kind, in order to open to the laboring class, in the time of leisure afforded, entrance to the progress of the civilization of humanity.

Treitschke and the Education of Laborers.—

The deduction of Henry von Treitschke appears to oppose this demand, namely, that it is a mistake to require leisure for the laborer, in order that he may educate himself; for leisure proves the ruin of every one who does not understand the language of the muses.¹ This word has had an unhappy effect. In triumph the opponents of the elevation of the laboring classes have made it their own. But in his third essay upon this subject Treitschke has shown that the view of those who in the

¹ There is here a play upon the words *musse* (leisure), and *musen* (the muses) which cannot be brought out in the translation.

deductions of his first essay saw only an encouragement to change nothing in the existing order in no way corresponded with his intentions. Indeed, these deductions of his third essay upon the necessity of the elevation of the moral, scientific, and æsthetic education express so strikingly what is to be aimed at that no one of those attacked by Treitschke had any objection to make against them.

"What is," thus Treitschke writes, "to be understood by the unity of national culture? Above all things an education of the people, democratic in the good sense of the term, must aim at establishing as a second nature in the whole nation certain moral fundamental truths; it must awaken in the son of the prince as in the child of the handiworker a lively sense of duty, it must awaken in the children of all confessions reverence for the moral government of the world, toleration of those of a different faith, respect for the laws, and that fine national pride which takes upon itself as a matter of course every sacrifice for the country. Moreover, the unity of scientific culture is indispensable to a civilized people. This does not require that every one should learn the same things and be filled with the most possible knowledge, but that the elements of instruction be the common possession of all, and that every one thoroughly acquire his knowledge by earnest work. Thus the great mass of the people will be grounded in scientific discipline and enabled in a certain measure to estimate the value of knowledge, to esteem the higher learning, to disregard mere phraseology, and to keep silent where a subject is not understood. Such a unity in scientific accomplishments is attainable when the highest institutions of learning do excellent work, and their mediate influence extends to the elementary schools; the 'Leviathan' of

Hobbes has already expressed the deep truth that the education of the people in the last resort is dependent upon the university. Finally, a noble nation needs also community of æsthetic education. We have already once seen, in the 12th and 13th centuries, a time when the finest works of our poetry were understood by peasants and peasant girls in every village of Thuringia and Franconia. Why can we not again attain to this, that the songs of Goethe and the dramas of Schiller become welcome guests in every cottage of our land, and the man of small means take delight not only in the statue of Goethe in the Thiergarten at Berlin, but also in the works of Rauch and Rietschel ?”

Necessity of Greater Leisure for the Laborer.

—Great exertions are necessary for laborers to reach this degree of education. And not only the youth need instruction ; the adult laborer dismissed from the school needs moral, scientific, and æsthetic culture. And not only by opening access to the highest knowledge, but also by influence upon the recreations of the laborer must his training up to national cultivation be wrought out. By the latter means astonishing results can be accomplished, and in this connection there are lacking as yet almost all attempts. But for all this there is needed a shortening of the day's work ; for the language of the muses always remains unintelligible to him to whom leisure to learn it is not granted.

The Participation of Laborers in Political Life.—Finally, the idea of the equal rights of all social classes controlling our century requires the training up of laborers to political life, the duty of bearing arms, and universal suffrage. Each of these is just as much a right as a duty. Both are necessary consequences of the fundamental principles of the civil society of to-

day: the equality of rights and duties of all social classes. Both are most intimately connected with the association of the people with citizenship in the state. And it is one of the greatest proofs of the statesmanlike knowledge of the times on the part of the leader of the German Empire that he in the construction of the constitution of the Empire upon the foundation of universal suffrage recognized what was imperative.

The Right of Suffrage and Duty of Bearing Arms.—But if the old opponents of universal suffrage are not yet reconciled to him, and if the more prudent among them, as Henry von Treitschke, recognize the impossibility of withdrawing the right once conceded, yet they excite by their objections to its establishment the opposition of the wealthy to the existing constitution. And what are the arguments which they bring into the field? Nowhere, they cry, does the state confer a political right with which a political duty does not correspond. It requires from all who wish to take part in any manner in the conduct of the commonwealth that they first merit this power by wealth and education. The right of universal suffrage strikes this fundamental conception in the face. But is there in reality a political duty connected with property and education which the poor cannot likewise fulfil? And does the poor man really fulfil no political duty corresponding with the right of universal suffrage? The political duty which the wealthy and cultivated fulfil, the payment of taxes, the poor fulfil likewise, only that this fulfilment causes him a greater sacrifice than it does the wealthy. Moreover, the poor, just as the rich and cultivated, performs the duty of bearing arms. There is no duty which so much as this corresponds with the right of suffrage. The Greeks in their better times did not send to war

those who took no part in their political life and in the blessings of civilization, the slaves, since the love of country can only exist in the free. But among the Greeks nobody belonged to the state except the freemen, no one who had not the right to express an opinion in the affairs of the state. And to-day a state which consists of freemen can only, from those who take part in the community of the people and in its blessings, only from members of the people, require that they sacrifice their lives for this community, and no one is really a member of the people without the right of suffrage. Thus the right of suffrage is the logical condition of the duty of bearing arms ; in a free country the duty of bearing arms can only be justified by the right of suffrage, and in a free country it cannot be permanently maintained without this.

The Right of Suffrage and Property.—But it is said further that the right of suffrage should belong only to those who by means of property and education are capable of using it for the well-being of the state. But is the exclusive right of suffrage on the part of the wealthy really a guarantee of the welfare of the state? Hitherto the wealthy have everywhere where they possessed the right of suffrage, exclusively, misused their right for the most shameful class legislation. Look at the former conditions in England and France ; look at Belgium ! In Prussia the right of suffrage does not rest exclusively in the hands of the wealthy. Add to this, that in an economic development which continues more and more to concentrate wealth in the hands of a few the limitation of the right of suffrage to property would more and more diminish the number of those having a right to vote. In such a development wealth cannot possibly remain the pre-requisite, but at best only large

incomes. But does one suppose that income from labor is less fitted for education, and especially for political education, than income from property? In that case most members of our learned professions must lose the right of suffrage. But the political education which is necessary in order to decide to which party color the representative belongs, the man with small income from labor can acquire. And if he decides badly, this is an admonition for the wealthy by elevating his income, by affording greater leisure, and by strong active interest in his education to increase this, or, to use an expression of Lowe, to educate their master. When this is reached it can no longer be said that purely political party questions do not touch the man of small means. With the doctrine of Aristotle, that the thoughts of those who day by day live from rough work, seldom rise above the circle of economic interests, that the economic life *paramountly* absorbs his attention, cannot be brought as an argument to-day against universal suffrage. This doctrine, derived from the conditions of civilization in ancient Greece, speaks to-day either for the exclusion of the higher classes also from the right of suffrage, or for the exclusion of no class at all. Freemen who not only did not work for a living, but even despised labor, stood over against the laborers Aristotle had in mind. To-day almost all classes of society work for a living, and at all events the merchant and manufacturer do this just as much as the laborer. But does one wish to deny to them the necessary political interest, the necessary political educational capability just the same as to him? In the case of both, interest and educational capability are dependent upon the schools and other refining influences, and therefore it is necessary to enhance these influences upon the laborer.

The Right of Suffrage and National Civilization.—The denial of universal suffrage where it does not exist, and its limitation where it already exists, to-day, after the idea of the equal rights of all social classes to a participation in civilization has also penetrated the lower classes of the people, can lead solely to this result, to turn their opposition against the government itself instead of against the higher classes of society. By what consequences the state will be threatened by this, there needs, after our deductions above on the right of suffrage and the duty of bearing arms, no further comment. On the contrary, universal suffrage is the surest means for binding together in the most intimate connection the interests and wishes of all individuals with the well-being of the state.

The Political Parties and the Laborers.—And let no one think to refute this statement with the question whether social democracy in the ten years since universal suffrage was introduced into the North German Confederation has any way approached toward the idea of a national state. Certainly it has done exactly the opposite. If the laborers belonging to this party, which Treitschke estimates at nearly a million, had approximated to the newly appearing national state, there would no longer be a social democratic party at all in Germany. But what is the cause that to-day, ten years after the introduction of universal suffrage, a labor party hostile to the Empire still exists which is led by homeless conspirators now resident in foreign countries? This cause lies in the other political parties. For among the parties friendly to the Empire there is not a single one which represents the justifiable claims of laborers with the zeal which is necessary in order to win to itself laborers, and in this way to withdraw them from the social democracy.

The Progressive Party would have been the best fitted for this. But the German trades unions that are connected with this are still too much disgusted with its artificial origin and its after-effects for it to be able to attain to great development. And how lukewarm is the conduct of the Progressive Party itself toward these trades unions ! But among the other parties, the special representatives of the national thought, the laborers find exactly the opposite of a warm reception. Every one of their attempts, by coalition to better their condition, is treated by most of the organs of these parties if not as a crime at least as something exceedingly worthy of condemnation ; as if forsooth an increase in wages could be anything else than an increase in the price of sugar and coal. For a falling off in business, if the cause is ever so much to be looked for among its own friends, the laborers in an insulting tone are held responsible. But those who espouse the cause of laborers, or take them under protection against unjust accusations, are formally condemned. People become angry at the just censure which a man like Reuleaux passes upon employers, among other reasons, "because by this the class of employers is only placed in antagonism with the laborers." There is at least system in this conduct, and it is not at all needed that the prophets of the new Empire should describe the laborers, who take part in the meetings in which their real or supposed interests are discussed, as a set wallowing in filth and vice, only intent on devoting themselves for twenty-four hours a day to the liberal arts of sleeping, drinking, and speech-making, to understand that laborers do not feel themselves attached to political parties which meet them in such a sincere and amiable manner !

The Workingmen and Patriotism.—Look at the Ultramontanes ! It is a well-known fact that in those parts of Germany in which Ultramontanism has the upper hand, the social democracy is without influence. What is the cause of this ? Are the Catholic workingmen, indeed, full of mediæval ascetic contempt for the world, satisfied with their earthly lot ? Or does the Catholic Church satisfy the claims of the laborers upon a greater participation in the blessings of civilization ? Certainly neither of the two. But whilst in other localities intercourse between the wealthy and the poor has often entirely ceased, the Catholic clergy stand continually on a friendly footing with laborers ; they recognize their hardships, join in their complaints, and come to meet them with sympathy. But there never was any other means for gaining sympathy except by showing sympathy. And nothing embitters a class of the people excluded from the highest gratifications of civilization more than an artful system of cowardly palliation and forced guardianship on the part of the ruling classes. Only a party which, while opposing all unjustifiable claims or deeds of laborers, recognizes, regardless of consequences, their rights where they are right, defends them with energy where they are unjustly accused, and honestly seeks to promote their independence, will the workingmen inscribe upon their banners. And the sooner in this way the parties show to laborers that an improvement of their condition is possible under the continuance of the social order of to-day, and especially in the German Empire, which has brought to them so many rights of freedom, the sooner will laborers turn away from the unfruitful doctrine of the social democrats, the sooner will the social democrats themselves, just as the former English chartists, be transformed into true patriots !

The Means for Reaching This End.—Let us ask, after these discussions of particulars as to the aim of the labor movement, what our investigations of the means for reaching this end furnish.

As to the training up of laborers to political life, there needs no special statement of the means which are necessary in order to effect this. These means, the duty of bearing arms and the right of suffrage, result of themselves from the preceding discussion of the desirableness of this training up. The same can be said in regard to our considerations of the necessity of elevating the moral and intellectual education of workingmen. In these it was sufficiently emphasized that the elevation of the material condition of laborers and the shortening of the day's work are the necessary conditions of progress in their education ; that still further more than hitherto positive institutions, educational establishments of every sort, must be created, in order to open to the laboring class access to the progress in the civilization of mankind, and that especially an influence upon the recreations of laborers is necessary. The efforts in this direction on the part of the higher classes of England, of which we spoke at the end of the first book may here serve as models. To what has already been said, it may still only be added, that the most effective means for the elevation of the laboring class is to be sought in this, that the higher classes go before the lower classes with a good example.

Only the results of our investigations of that improvement of the laboring classes which is the condition of all others—namely, the elevation of their material condition, must be briefly summarized.

As the only means of elevating the material condition of laborers, there is given the elevation of their standard

of living. For since the labor question consists in the task of making possible to the laboring class a greater participation in the blessings of civilization than hitherto, it is manifest that it is not sufficient for its solution to elevate a greater or smaller number of laborers above their class, but that laborers as laborers, not as something else, must be improved in their condition. This is only possible by the elevation of that which among a people is customarily requisite for the prolongation of life and for the propagation of the species.

But in what way can the standard of living of the laboring class be elevated?

Free Competition.—Adam Smith, to whose heart nothing lay nearer than the well-being of the poor and lower classes of the people and their training up to greater participation in the acquisitions of civilization, was of the opinion that all men are by nature endowed alike and filled with like aspirations to gain the greatest clear profit in their husbandry. Wherefore he demanded that all legal barriers which check the development of individuals be removed, and that they be exclusively referred to their own powers. If the road is open, the effort to obtain the greatest possible gain would bring the capabilities of individuals to full development, and since all are equal, consequently the well-being of all individuals, and consequently, also, that of the whole community would be realized. But men are not by nature equal. Boundless freedom led only to the greatest possible development of the powers of the economically distinguished, the strong. Those endowed with average capabilities, the great mass of laborers, were oppressed and made worse in their condition by the fully developed superiority of the economically strong. Accordingly, free competition showed itself incapable of

elevating the standard of living of laborers. It showed itself only as the means for bringing to the greatest possible development the powers of economically distinguished individuals.

Communism.—The socialists have the same view of the natural equality of men as Adam Smith. But, more logical than Smith, they do not see all checks to the equal development of men naturally equal removed with the removal of the former legal privileges. The same obstacles to the realization of the greatest possible well-being of all individuals they see, just as in those legal inequalities in the actual accidental inequalities, before all, in the unequal ownership of the means of production. Wherefore, they wish to take the means of production from private individuals and see in the common husbandry of individuals the means of improving the the standard of living of all mankind. But life in the communistic state supposes exceptionally high moral endowments on the part of those who form the community. But there exists just as little in the moral respect as in the economic a natural equality of men, and those exceptionally high moral endowments can be developed at most only in a minority of men under peculiarly favorable circumstances.

Association.—Accordingly, the attempts to realize the principle of the socialists in the productive associations, where these productive associations have attained at all to development, only effected that a limited number of laborers by exertion, prudence, and economy have passed over out of the class of laborers into the class of employers and own and conduct large factories. But, as has been strikingly remarked, since half of the capital invested in manufactures has been created by such men separately, there is nothing astonishing in the

fact that an association of these is able to do the same. Since these few laborers have merely become capitalists, but have not been subject to such moral discipline as would be necessary for the permanent carrying out of the principle of productive association, they soon become employers of the usual stamp and the condition of laborers employed in their factories is the same as that of those in all other factories. But what solution of the labor question is given by this? Only those associations which improve the condition of laborers as such—that is, the distributive societies, which care for wholesome, proper, and cheap food and clothing of laborers; the building societies, which procure for them residences at low rent, or as their own property—are in the subordinate parts of the labor question of importance for its solution. Those associations, which touch the focus of the labor question, the relation between laborer and employer, the productive associations, have as yet accomplished nothing for its solution, and since their success and their extension imply moral qualities in men which will never be attained, will contribute nothing in the future to this solution.

Labor Legislation.—The only means of elevating the standard of living of the laboring class are, in all cases in which their own strength is not sufficient to satisfy their pressing needs, the interference of the legislature, and in all other cases the organization of laborers into trades unions culminating in the courts of arbitration and agreement. Thus, for example, as has been shown, the English factory legislation sets legal limits, for women and children, to the control which the employer has over the person of the laborer by means of his power, exclusively to fix the labor stipulations, and by this means led to the “physical and moral regeneration” of the English

laboring class. The English mining laws work in the same way, since they exclude women entirely from mines and shorten the time of work of children. Moreover, the English legislature interferes in favor of adult male laborers, where the evils to be removed are of such a kind that the self-help of laborers united is not equal to them. Thus the provisions of the factory laws and mining laws as to ventilation of factories and mines, remove the danger to the person resulting from the inseparability of the commodity of the laborer from his person. The provisions of the mining laws relative to weight and weighing instruments, and the legal prohibition of "the truck system," take into consideration the special economic disadvantages of laborers resulting from their poverty. The laborers' dwellings law of 1875, finally, is a weapon against evils which threaten the moral and physical well-being of the laboring population, indeed, the well-being of all social classes, but whose removal scoffs at all power of private individuals.

The Trades Unions and Courts of Arbitration.

—But through the organization of laborers into trades unions culminating in the courts of arbitration and agreement, for the first time are realized the conditions from which the modern legislation proceeds in its treatment of the labor relations. Through this organization, labor becomes a commodity and the laborer an independent man like other sellers of commodities. By it the laborer is put in a position, by regulating the supply of his commodity to have influence upon its price, and by it he obtains the freedom in the disposal of his person which other sellers of commodities enjoy. And whilst the laborer through it is placed in a position to elevate his standard of living in a material as well as in a spiritual respect, through it at the same time is the legal equal

right of laborer and employer in establishing the labor stipulations recognized. In every regard, in its origin and working, we have become acquainted with this organization as the natural and necessary supplement of a political economy upon the principles of perfect freedom.

The Means for the Solution of the Labor Question.—These two regulations of the labor relations supplementing each other, that by the legislature and that by the self-help of the united laborers, correspond perfectly with the postulates, which, as pointed out, are to be laid down as the means of solution of the labor question: namely, that it must take into consideration the needs of the great mass of laborers, the middling class, that its effect must extend to the whole body of laborers having common interests, not merely to individuals, and that it must improve the condition of the laborers in their character as laborers. All the before-mentioned provisions of the labor legislation and all regulations of the trades unions and courts of arbitration proceed from the needs and capabilities of the average laborer who singly is not able to help himself. All these are for the good of the whole community or of entire groups of laborers, not merely for the good of individuals. All improve the laborers in their condition as laborers not as something else. If those who rise in the world under the system of absolute lack of limitations may be the laborers economically most distinguished, this system leaves the condition of the laboring class as such unimproved. If the laborers who bring a productive association to development may be the most highly endowed morally, what are these few hundreds of laborers compared with the hundred thousands of laborers in the stocking-weaving industry alone, all of whose labor

relations are regulated by a court of arbitration and agreement? Besides, laborers especially endowed morally, like the Pioneers of Rochdale, are not prevented by these courts from establishing productive associations. Moreover, those especially distinguished economically are not checked by them in their development. It is a special merit of this regulation of the labor relation that far from affording a model prepared in advance for all details, of endless elasticity it is able not only to adapt itself to the needs of the whole body, newly originating at any moment, but also to take account of the special conditions of each individual, whilst it leaves room for the greatest possible development of the talents of those in any way specially endowed. It opens for the mass of laborers endowed with average capabilities the possibility of taking part like the members of all other social classes in civilization and its progress. Where this regulation exists the portion which the laboring class obtains in the blessings of civilization depends really only upon the laborers.

Authority, Free Competition, Association.—But not only that these two regulations of the labor relation mutually supplementing each other make the solution of the labor question possible, by carrying them out the principle of authority, individualism, and socialism obtains recognition to such a degree as corresponds with our modern conditions and needs. At the beginning of this book it was made prominent that these three principles struggle for the mastery over the economic life. Our consideration following upon this shows under what conditions and from what causes the one or the other principle has prevailed in the economic life of the nations. We find a preponderating control of authority in times of the minority of nations, and indeed we find it then as

well in states as in cities. Here it works beneficially in every regard, as well because it awakens and develops the powers of individuals as also because it makes up by legal limitations, which protect the weak against the oppression of the strong, for the lack of moral and intellectual education of the people necessary to freedom. If this control of authority is extended into a condition in which the awakened powers and views of the people no more need it, it becomes oppressive. The more capable the people, the more unwillingly do they tolerate the checks placed upon them. They seek to free themselves from the restraints which from a benefaction have become a vexation. Against this attempt the numerous interests which are connected with the continuance of the old control of authority seek to keep this upon its feet. Authority instead of calling forth, promoting, and refining the activity of the citizens seeks to repress this. Its control becomes misgovernment until it is overthrown by the rebellious citizens. Now the denial of all positive rule of authority, indeed, of all organization, is exalted to an absolute dogma and the unchaining of all individual powers declared the governing principle. The development takes an unanticipated flight. But "freedom hatches colossuses and extremes." But soon it is seen that the denial of all organization has justification only as a protest against the former bad husbandry; that pure individualism is only the principle of men with distinguished individuality, only the principle of the strong. And the masses suffering under the superior power of the strong join together in order united to guard their interests against this superior power, and in union with each other to bring to development the powers of individuals belonging to their class. Indeed, as in opposition to the control of the strong towering above everything, there

begins an effort to level everything individually prominent, and to procure for all men in general and in particular the same fate. Thus the actual development shows authority as the principle of those economically minors and of those who have not yet reached moral ripeness; free competition of individuals, as the principle of the strong; combination, as that of the weak. But since at all times there are minors and those morally unripe, strong and weak, each one of the three principles in every age, if also at various eras in a varied degree, must obtain acceptance.

Relation of the Three Principles in Our Age.—

In a century which like ours has brought into acceptance the independence of the individual against the bad husbandry of authority, it is not necessary to state which of the three principles corresponds best with its conditions and needs. There can exist no doubt of the fact, that the necessary keynote of our age, as of every epoch of grand progress, is individualism. But, as we have seen, there are in our age minors who need the protecting interference of the state. Relations like those, which made necessary the English legislation described, show further, that the moral and intellectual education of our century is as yet no sufficient barrier against the abuses of economic power employed in a way immoral and dangerous to the public. For those minors, for these conditions the control of authority is still to-day a necessity. But the control of authority must not be extended beyond what is necessary. The independence of all individuals results as the necessary requirement of the goal of the human race, the highest perfection of all. Only through self-activity will men be educated up to this. Wherefore, the intervention of the state must not also be extended to those weak ones who, indeed, not

isolated but united are able to guard their own interests. Such an interference would prevent the self-activity of individuals; it would lead to this, that the weak never attain to greater independence, indeed, that the independence already reached by them be suppressed. Freedom, the fundamental principle of our age, would thereby be undermined. That freedom may also be realized for the weak, our age needs rather a supplementing of the individualistic system of the strong by the system of association of the weak.

This Relation and the Solution of the Labor Question.—But by carrying out the regulation of the labor relation explained through the self-help of the united laborers and through legislation, each one of the three principles obtains recognition to the degree corresponding with the needs of this century. The fundamental principle of the economic order remains the free self-activity of individuals for themselves, and the free road necessary to the talented and the strong for the full development of their powers lies open to all. But the weak united arrive by it to independence, the minors acquire through it the necessary protection, all abuses of economic superior power in consequence of insufficient moral and intellectual education are prevented by legal barriers. Wherefore, this regulation of the labor relation contradicts the efforts of the feudal socialists who speak of the return of the old control of authority, in order by preventing the independence of the members of the lower classes the better to guard their own special interests. Wherefore, it contradicts further the demand of the social democrats to set aside all individual and social inequalities. But it corresponds with the ideals which have produced the great transformation of the entire social and political life since the

end of the eighteenth century ; it corresponds with the moral and political ideals of the age and with the fundamental principles of the law of to-day.

The Law of To-Day and the Solution of the Labor Question.—For, as we have seen, it needs for the realization of this regulation of the labor relation not the establishment of new principles of legal and social order. It needs only the honest and logical carrying out of those maxims, which are not only the foundations of society to-day, but also the most ideal basis of the social conditions of all ages : the personal freedom and equality of all before the law. With the realization of these fundamental principles of the social order of to-day is given the solution of the labor question. With it is opened the way to the blessings of civilization for every one without exception who aspires to this. Indeed, now as ever, it will be achieved only in labor and conflict. The condition which will be given with the accomplishment of this will be far from corresponding with the dreams of a utopia. But “only he deserves freedom and life who must daily conquer them.” What has been attained and what alone is attainable will be like the condition of that “free people,” capable of labor “in a free land,” in anticipation of the realization of which, Faust enjoys the happiest moment of existence.

THE END.

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